

PRELIMINARY REVIEW

of the

FY 2005-06

**Executive Budget
Recommendation**



Mitchell E. Bean, Director
February 14, 2005

February 14, 2005

The FY 2005-06 Executive Budget Recommendation calls for \$40.5 billion in adjusted gross appropriations. This includes \$8.9 billion in General Fund/General Purpose (GF/GP), \$18.4 billion in restricted funds, and \$12.8 billion in federal funds. It should be noted that FY 2005-06 adjusted gross and GF/GP figures do not reflect the \$32.1 million in "contract and IT purchase reductions" mentioned in the Executive Recommendation but not distributed to specific budgets.

Of the total adjusted gross amount, \$15.8 billion is designated for payments to local units of government and \$1.1 billion is designated for revenue sharing payments. (Article IX, Section 30 of Michigan's *Constitution* requires that at least 48.97% of spending from state resources must be paid to local government.)

The Executive recommends increasing state resources by restructuring the existing School Bond Loan Fund to be a revolving fund, which eliminates state costs currently associated with this school construction lending program. Under the proposal, the Michigan Municipal Bond Authority would lend money for interest on construction loans to school districts, which then would repay the loans to the revolving fund. The re-payments would then be lent to other school districts for interest on construction loans.

In addition, Executive recommendations for both this year and next would authorize \$239 million in State Building Authority (SBA) bond proceeds to finance special maintenance projects for higher educational institutions and state agencies. These are typically financed from operational reserves or direct appropriations of general fund or restricted fund monies. The recommendation would proportionately distribute \$100 million of SBA bond funds—both this year and next—to each state university and community college for special maintenance projects on existing academic facilities. An additional \$125.2 million would be authorized for state agency special maintenance projects, and \$13.8 million would be authorized for Public Safety radio tower upgrades.

This preliminary review provides a quick look at the Executive Budget Recommendation for FY 2005-06. The House Fiscal Agency's full ***Review and Analysis*** of the Governor's FY 2005-06 Budget Proposal will be available in approximately two weeks, and will contain a detailed analysis and discussion, by budget area, of major budget and boilerplate changes proposed in the Executive's FY 2005-06 budget.

We hope this preliminary information will be useful to Members of the House of Representatives. A list of House Fiscal Agency staff, noting Fiscal Analysts' specific budget assignments is included. Please do not hesitate to call me, or the Fiscal Analyst responsible for a specific budget area, if you have questions regarding this information.

Mitchell E. Bean
Director

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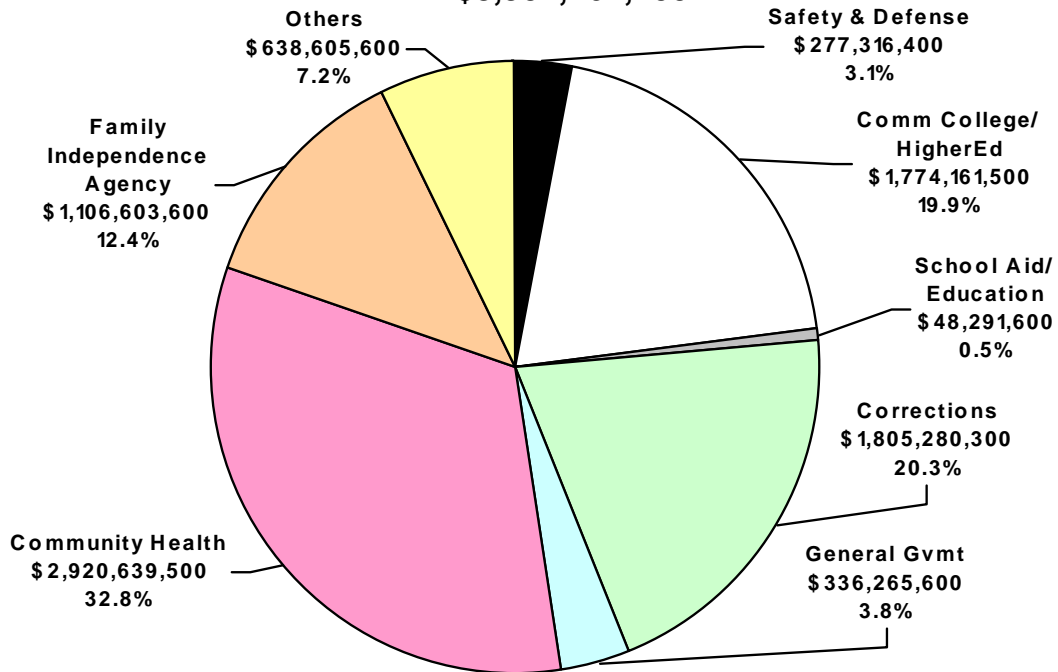
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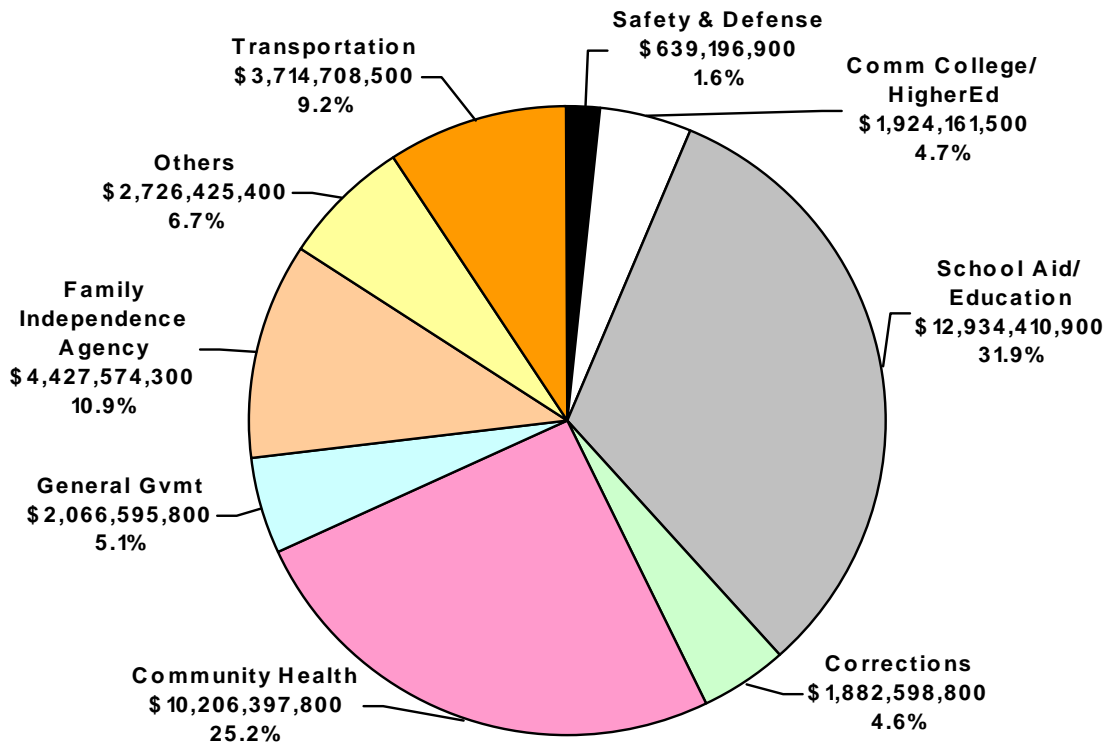
FY 2005-06 GF/GP Executive Recommendation

\$8,907,164,100

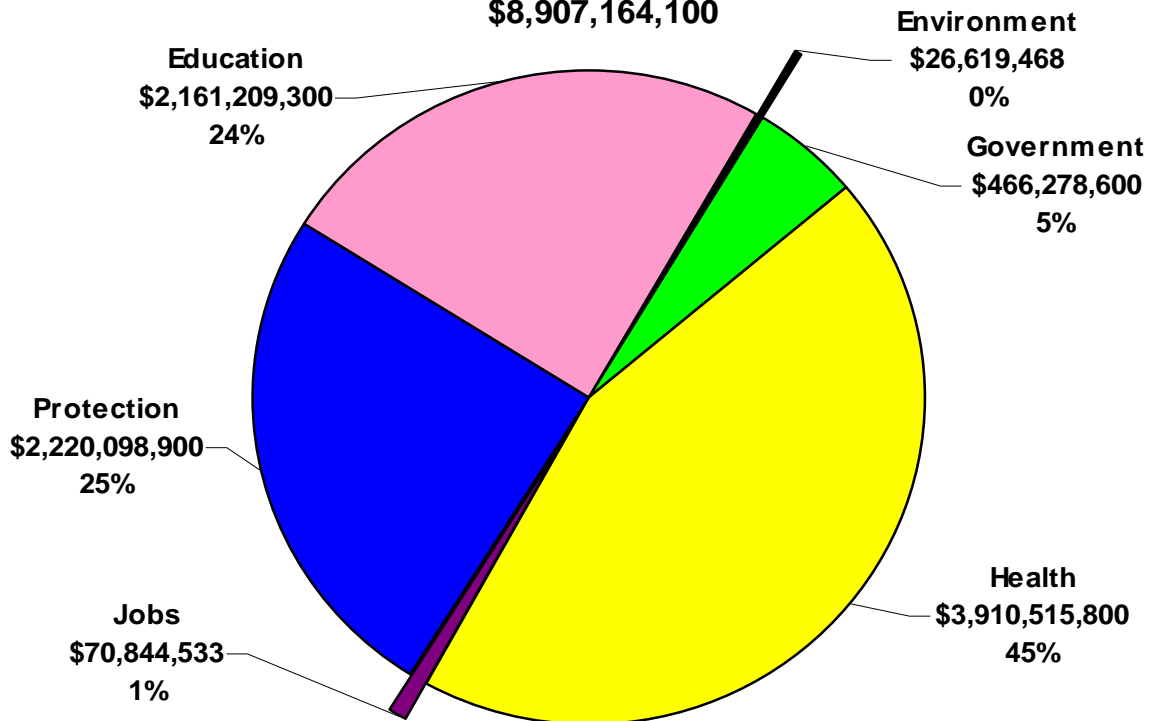


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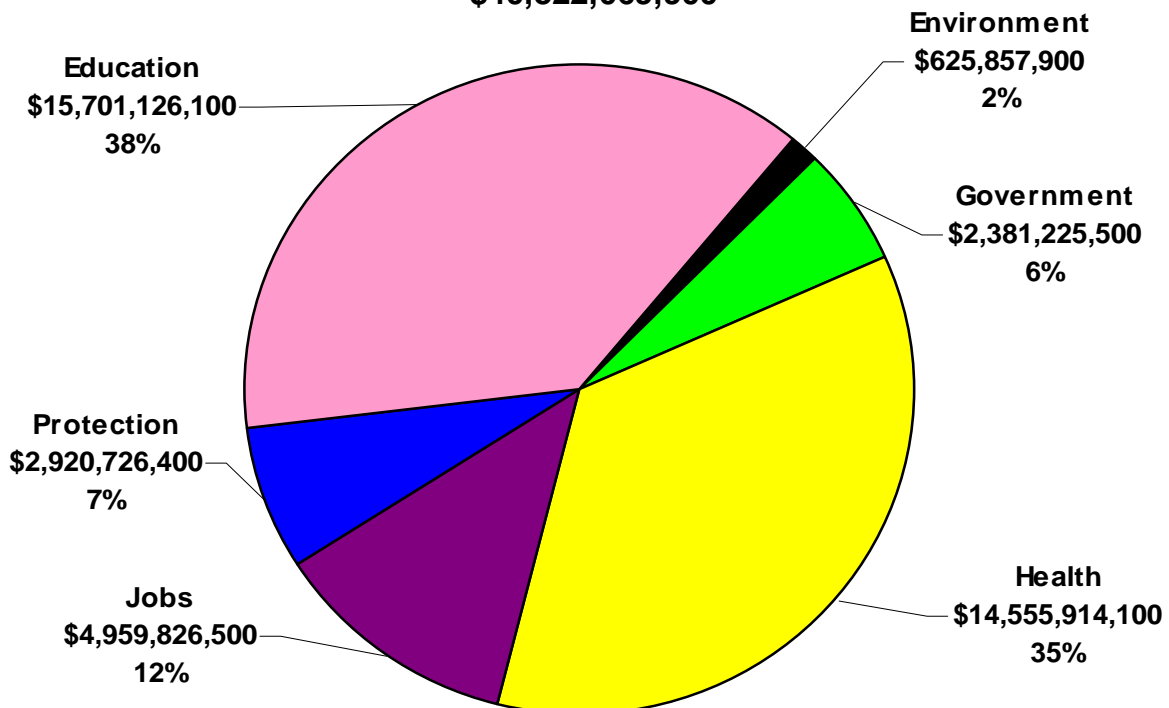
\$40,522,069,900



**FY 2005-06 GF/GP Executive Recommendation
By Result Categories
\$8,907,164,100**



**FY 2005-06 Adjusted Gross Executive Recommendation
By Result Categories
\$40,522,069,900**



CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2004-05 Year-to-Date and FY 2005-06 Executive Recommendation

The FY 2005-06 Executive Budget Recommendation would increase adjusted gross appropriations by \$1,285.4 million (3.3%), GF/GP appropriations by \$56.5 million (0.6%), and state restricted funding by \$1,065.3 million (6.2%) from year-to-date FY 2004-05 levels. Total state spending from state sources increases \$1,121.8 million (4.3%).

It should be noted that FY 2005-06 adjusted gross and GF/GP figures do not reflect the \$32.1 million in "contract and IT purchase reductions" mentioned in the Executive Recommendation but not distributed to specific budgets.

<i>Appropriations in Millions of Dollars</i>				
	<u>Year-to-Date FY 2004-05</u>	<u>Executive Recommendation FY 2005-06</u>	<u>Amount Change</u>	<u>% Change</u>
General Fund/General Purpose	\$8,850.7	\$8,907.2	\$56.5	0.6%
State Restricted	<u>17,306.3</u>	<u>18,371.6</u>	<u>1,065.3</u>	6.2%
Total State Spending from State Sources	\$26,157.0	\$27,278.8	\$1,121.8	4.3%
Federal	12,351.5	12,817.9	466.4	3.8%
Local	652.4	346.1	(306.3)	-46.9%
Private	<u>75.8</u>	<u>79.3</u>	<u>3.5</u>	4.6%
Total Adjusted Gross	\$39,236.7	\$40,522.1	\$1,285.4	3.3%

Due to rounding, numbers may not add exactly.

General Fund/General Purpose: The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

State Restricted: State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives

Adjusted Gross: Total of all line item appropriations; gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, Merit Award Trust Fund, and Tobacco Settlement Trust Fund expenditures in the Executive Budget Recommendation are reported below.

FY 2005-06 EXECUTIVE RECOMMENDATION ESTIMATES GENERAL FUND/GENERAL PURPOSE

(Millions of Dollars)

FY 2005-06 consensus revenue estimate	\$8,156.2
Proposed elimination of tax expenditures	\$64.0
Proposed CVT revenue sharing freeze	\$396.1
County revenue sharing savings	\$182.3
Reduce inter-fund borrowing rates	\$20.0
Proposed increase in liquor license fee	\$13.1
Proposed reduction of sales tax to CTF	\$11.1
Proposed escheats law changes	\$10.0
Proposed land sales	\$10.0
Proposed elimination of pharmaceutical credit	\$10.0
Proposal to deposit AG Equine Industry Fund in GF/GP	\$6.1
Total Resources	\$8,878.8

Due to rounding, numbers may not add exactly.

FY 2005-06 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in January 2005.

Proposed Elimination of Tax Expenditures: The Executive Recommends that nine tax subsidies be eliminated. See page 7 for details.

Proposed Increase in Liquor License Fee: Proposed increase in the annual fees license holders pay would be used to allow a \$13.1 million lapse from the Liquor Purchase Fund to GF/GP.

Proposed Reduction Increase of Sales Tax to Comprehensive Transportation Fund: Would freeze sales tax transfers at FY 2004-05 level and increase GF/GP revenue.

Proposed Escheats Law Changes: Detail on this proposal is not yet available from Treasury.

Proposed Elimination of Pharmaceutical Credit: Accomplished through proposed SBT reform.

Proposal to Deposit AG Equine Industry Fund in GF/GP: Redirects \$6.1 million from increased casino tax to GF/GP.

FY 2005-06 EXECUTIVE RECOMMENDATION ESTIMATES
SCHOOL AID FUND
(Millions of Dollars)

Beginning fund balance	\$23.7
FY 2005-06 consensus revenue estimate	\$11,300.9
Proposed elimination of tax expenditures	\$47.9
School Bond Loan Fund proposal	\$44.5
Payment in lieu of taxes (2004 PA 513)	(\$2.0)
Federal aid	\$1,374.1
General Fund transfer	<u>\$20.0</u>
Total Resources	\$12,809.3

Due to rounding, numbers may not add exactly.

FY 2005-06 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in January 2005.

Proposed elimination of tax expenditures: The Executive Recommends that nine tax subsidies be eliminated. See page 7 for details.

School Bond Loan Fund proposal: Restructures the existing School Bond Loan Fund to be a revolving fund, eliminating the state costs currently associated with this school construction lending program. Under the proposal, the Michigan Municipal Bond Authority would lend money for interest on construction loans to school districts, which then would repay the loans to the revolving fund. The re-payments would then be lent to other school districts for interest on construction loans.

Federal Aid: Primarily federal grants and federal money appropriated by the (federal) Elementary and Secondary Education Act.

FY 2005-06 EXECUTIVE RECOMMENDATION ESTIMATES
MEDICAID BENEFITS TRUST FUND
(Millions of Dollars)

Beginning balance	\$0.0
Estimated interest	0.0
Estimated deposit:	
Revenue from Cigarette Tax	362.1
Revenue from OTP tax	<u>24.5</u>
Subtotal: Available Funds	386.6
Withdrawal in FY 2005-06 Executive Recommendation	(386.6)
FY 2005-06 Total Ending Balance	\$0.0

**FY 2005-06 EXECUTIVE RECOMMENDATION ESTIMATES
TOBACCO SETTLEMENT REVENUES/EXPENDITURES**

(Millions of Dollars)

TOTAL TOBACCO SETTLEMENT REVENUE	\$285.5
 <u>MERIT AWARD TRUST FUND (MATF)</u>	
Tobacco settlement revenue	\$214.1
Unreserved fund balance from prior year	1.3
Interest	<u>1.0</u>
Revenue Subtotal	216.5
Community Health: Medicaid base	(50.3)
Education: MEAP administration/testing	(16.3)
Higher Education	(9.5)
Higher Education: Merit award	(121.0)
Higher Education: Tuition incentive program	(12.0)
Higher Education: Nursing scholarships	(4.0)
Treasury: Merit award/TIP administration	(2.4)
Treasury: Michigan education savings plan	<u>(1.0)</u>
Expense Subtotal	(216.5)
Merit Award Trust Fund Balance	\$0.0
 <u>TOBACCO SETTLEMENT TRUST FUND (TSTF)</u>	
Tobacco settlement revenue	\$71.4
Unreserved balance from prior year	0.0
Interest	<u>1.0</u>
Revenue Subtotal	72.4
Attorney General: Administration	(0.4)
Community Health: EPIC	(3.9)
Community Health: Medicaid nursing home personal needs allowance	(5.0)
Community Health: Medicaid base	(58.1)
Community Health: Office of Services to the Aging—respite care	(5.0)
Labor and Economic Growth: Life sciences/technology tri-corridor	<u>(0.0)</u>
Expense Subtotal	(72.4)
Tobacco Settlement Trust Fund Balance	\$0.0

Due to rounding, numbers may not add exactly.

**FY 2005-06 EXECUTIVE RECOMMENDATION
TAX EXPENDITURES RECOMMENDED FOR ELIMINATION**

	<u>(Millions of Dollars)</u>	
	<u>GF/GP</u>	<u>SAF</u>
<i>Marginal Wells</i>	\$2.2	0.0
Standardize the tax rate for all oil and gas wells by eliminating lower rate for marginal wells to increase Gas and Oil Severance Tax.		
<i>International and Certain Interstate Communications</i>	14.6	7.3
Eliminate use tax exemption for WATTS services, interstate private networks, and international calls.		
<i>Interstate Trucks and Trailers</i>	5.6	10.8
Eliminate exemption of sales and use tax for trucks and trailers if 10 percent of miles traveled are outside the state.		
<i>Water Softener and Water Cooler Exemption</i>	0.0	0.5
Eliminate property tax exemption on rented or leased water softeners and water coolers.		
<i>Railroad Credit</i>	20.0	0.0
Eliminate two credits for improvement and maintaining rights-of-way for railroad cars that effectively exempt railroad companies from the state utility property tax.		
<i>Copyrighted Motion Pictures</i>	10.7	9.3
Eliminate sales and use tax exemption for persons leasing or purchasing copyrighted motion pictures.		
<i>Oil and Gas Royalty</i>	4.0	1.0
Eliminate deduction from the income tax of certain indirect costs (such as depreciation) from adjusted gross income—which MI Department of Treasury views as double exemptions.		
<i>Food Sold Through Vending Machines</i>	6.7	18.5
Eliminate the sales tax exemption of certain foods sold in vending machines so that all foods sold in vending machines are treated as food for immediate consumption		
<i>Purchases Made by Department of Corrections Inmates</i>	<u>0.2</u>	<u>0.5</u>
Eliminate sales tax exemption for purchases at prison stores		
TOTAL	\$64.0	\$47.9

**FY 2005-06 EXECUTIVE RECOMMENDATION
FUNDING BY RESULT AREA**

	<u>GF/GP</u>	<u>All Funds</u>
<u>ENVIRONMENT: Enhance the Quality of Michigan's Natural Environment</u>		
Agriculture	\$14,502,300	\$23,276,200
Capital Outlay	0	37,755,000
Environmental Quality	27,431,500	337,876,600
History, Arts, and Libraries	0	3,138,900
Information Technology	0	14,436,300
Natural Resources	<u>15,535,600</u>	<u>209,374,900</u>
TOTAL ENVIRONMENT	\$57,469,400	\$625,857,900
<u>BETTER GOVERNMENT: Make Government in Michigan More Cost Effective and Efficient</u>		
Attorney General	\$32,710,200	\$65,880,300
Capital Outlay	135,488,600	139,283,600
Civil Rights	12,285,300	13,335,100
Civil Service	7,449,300	36,288,500
Executive	5,205,500	5,205,500
History, Arts, and Libraries	7,970,600	8,367,800
Information Technology	0	96,983,500
Legislature	122,173,900	128,179,600
Management and Budget	35,093,600	231,789,800
Natural Resources	9,771,900	13,821,700
State	14,265,100	196,885,700
Treasury	<u>83,864,600</u>	<u>1,445,204,400</u>
TOTAL BETTER GOVERNMENT	\$466,278,600	\$2,381,225,500
<u>HEALTH AND HUMAN SERVICES: Make Michigan's People Healthier and Our Families Stronger</u>		
Agriculture	\$9,923,000	\$24,707,900
Community Health	2,920,639,500	10,190,526,200
Environmental Quality	3,077,600	35,007,600
Family Independence Agency	930,438,600	3,939,566,800
Information Technology	0	157,540,800
Legislature	3,537,100	118,525,700
Management and Budget	1,357,000	1,357,000
Military and Veterans Affairs	23,643,000	68,745,300
Treasury	<u>17,900,000</u>	<u>19,936,800</u>
TOTAL HEALTH AND HUMAN SERVICES	\$3,910,515,800	\$14,555,914,100
<u>ECONOMY: Sustain and Create Business Investment and Jobs in Michigan</u>		
Capital Outlay	\$100	\$170,907,400
Agriculture	273,600	1,585,900
Environmental Quality	0	15,000
Family Independence Agency	775,100	16,429,100
History, Arts, and Libraries	20,541,200	23,675,800
Information Technology	0	64,967,300
Legislature	66,842,900	1,253,561,800
Natural Resources	1,000	10,975,700
Transportation	<u>0</u>	<u>3,417,708,500</u>
TOTAL ECONOMY	\$88,433,900	\$4,959,826,500

**FY 2005-06 EXECUTIVE RECOMMENDATION
FUNDING BY RESULT AREA**

HOMETOWN SECURITY: Protect Our Citizens and Make Michigan's Communities Safer

Agriculture	\$765,500	\$9,356,400
Capital Outlay	0	23,700,000
Community Health	0	50,357,000
Corrections	1,805,230,300	1,883,642,600
Environmental Quality	1,200	406,800
Information Technology	0	36,821,000
Judiciary	159,987,900	257,728,800
Legislature	0	11,326,100
Military and Veterans Affairs	13,952,100	42,136,800
Natural Resources	1,093,700	25,811,900
State Police	238,968,200	544,103,000
Treasury	<u>100,000</u>	<u>35,336,000</u>
TOTAL HOMETOWN SECURITY	\$2,220,098,900	\$2,920,726,400

EDUCATION: Improve Student Achievement

Capital Outlay	\$140,513,500	\$140,513,500
Community Colleges	281,327,400	281,327,400
Education	28,091,600	125,141,800
Family Independence Agency	175,389,900	472,979,300
Higher Education	1,492,834,100	1,642,834,100
History, Arts, and Libraries	14,639,000	20,996,400
Information Technology	0	2,656,400
Legislature	3,468,500	91,277,100
Military and Veterans Affairs	753,100	6,226,400
Natural Resources	131,100	11,184,900
School Aid	20,200,000	12,809,269,100
Treasury	<u>3,861,100</u>	<u>96,719,700</u>
TOTAL EDUCATION	\$2,161,209,300	\$15,701,126,100

TOTAL ALL RESULTS \$8,904,005,900 \$41,144,676,500

FY 2005-06 EXECUTIVE BUDGET HIGHLIGHTS

Major Features and Changes Proposed

BUDGET AREA: EDUCATION

Community Colleges

FY 2005-06

Analyst: Kyle I. Jen

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	285,747,000	281,327,400	(4,419,600)	(1.5)
Gross	\$285,747,000	\$281,327,400	(\$4,419,600)	(1.5)
FTEs	0.0	0.0	0.0	0.0

Note: FY 2004-05 YTD figures exclude 3.0% tuition restraint funds originally appropriated in FY 2003-04 but actually paid in FY 2004-05 and do not include the results of supplementals or Executive Order actions that occurred after February 10, 2005.

	<u>GF/GP</u>	<u>All Funds</u>
<i>Improve Student Achievement</i>		
Community College Operations	\$275,104,700	\$275,104,700
At-Risk Program, Renaissance Zone Reimbursement	6,222,700	6,222,700
TOTAL FY 2005-06 Executive Recommendation	\$281,327,400	\$281,327,400

Operations Funding

Reduces each college's operations appropriation (including funds appropriated for tuition restraint in FY 2004-05) by 1.76 percent for total reduction of \$4.9 million GF/GP. Authorization of \$16.4 million to the colleges for campus special maintenance is recommended in Capital Outlay budget. No tuition restraint policy is recommended for community colleges in FY 2005-06.

Renaissance Zone Reimbursement

Increases funding for renaissance zone reimbursement to colleges by \$500,000 GF/GP to reflect projected increases in taxable value within zones located in college districts.

Education

FY 2005-06

Analysts: Mary Ann Cleary and Laurie Cummings

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	1,072,100	0	(1,072,100)	(100.0)
Federal	60,796,800	67,519,400	6,722,600	11.1
Local	5,208,800	5,444,000	235,200	4.5
Private	606,600	898,600	292,000	48.1
Restricted	19,470,000	23,188,200	3,718,200	19.1
GF/GP	26,394,700	28,091,600	1,696,900	6.4
Gross	\$113,549,000	125,141,800	11,592,800	10.2
FTEs	413.0	425.0	12.0	2.9

	GF/GP	All Funds
Improve Student Achievement		
Services to Schools	\$1,230,700	\$35,853,000
Grants to Schools	21,875,000	21,875,000
Educational Assessment Services	0	32,196,600
Michigan School for the Deaf and Blind	0	12,942,800
Administrative Support Services	4,985,900	22,274,400
TOTAL FY 2005-06 Executive Recommendation	\$28,091,600	\$125,141,800

Michigan Education Assessment Program (MEAP) Contract

Proposes appropriation of \$2.6 million in additional Merit Award Trust Funds for contractual services to revise the High School MEAP test to also be a college entrance exam, as required in 2004 PA 596.

School Breakfast Program

Recommends an increase of \$1.6 million, to a total of \$9.6 million, to reflect an anticipated cost increase and an increase in the number of breakfasts served.

Roll-up of Travel Appropriations

Recommends "rolling" travel appropriations into the line items, so travel amounts are not distinguished from other expenditures for operations.

Michigan After School Partnership

Proposes allocating \$25,000 in federal funding as match to leverage private foundation funding of \$175,000 to support the Michigan After School Partnership.

Corrections Academy Lease for the Michigan Schools for the Blind

Proposes eliminating the IDG from the Corrections Training Academy in anticipation that the Academy will discontinue its lease. The amount of rent which the Department is authorized to receive from the site is increased by the same amount as the IDG (\$1,072,100) in case a future renter is found.

National Board Certification Grants

Recommends eliminating the National Board Certification grant, which pays one-half of the fee for teachers to become certified by the National Board for Professional Teaching Standards. Currently, \$100,000 is appropriated for this program.

Higher Education

FY 2005-06

Analyst: Kyle I. Jen

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	4,500,000	3,500,000	(1,000,000)	(22.2)
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	85,150,000	146,500,000	61,350,000	72.0
GF/GP	1,600,500,500	1,492,834,100	(107,666,400)	(6.7)
Gross	\$1,690,150,500	\$1,642,834,100	(\$47,316,400)	(2.8)
FTEs	1.0	1.0	0.0	0.0

Note: FY 2004-05 YTD figures exclude 3.0% tuition restraint funds originally appropriated in FY 2003-04 but actually paid in FY 2004-05 and do not include the results of supplementals or Executive Order actions that occurred after February 10, 2005.

	GF/GP	All Funds
Improve Student Achievement		
State University Operations	\$1,303,218,800	\$1,312,718,800
Michigan Merit Award Program	0	121,000,000
Tuition Restraint Incentive	87,806,000	87,806,000
Agricultural Experiment Station, Cooperative Extension Service	51,768,100	51,768,100
Scholarships, Grants, Work Study, Other Student Programs, Database	50,041,200	69,541,200
TOTAL FY 2005-06 Executive Recommendation	\$1,492,834,100	\$1,642,834,100

Operations Funding

Reduces each university's operations appropriation by 1.76 percent (based on total of operations and tuition restraint appropriations) for total reduction of \$25.1 million GF/GP. Authorization of \$83.6 million to the universities for campus special maintenance is recommended in Capital Outlay budget. An amount for each university equal to its FY 2004-05 tuition restraint funding is contingent on restraining resident undergraduate tuition/fee increases to 5.0 percent or \$307, whichever is greater; recommended budget assumes all 15 universities comply.

King-Chavez-Parks Program

Consolidates \$2.5 million GF/GP for King-Chavez-Parks Program currently built into university appropriations with \$2.5 million GF/GP currently appropriated independently to create single \$5.0 million GF/GP line item for competitive grants to increase participation of underrepresented minority students in postsecondary education.

Shifts to Community Health Budget

Removes \$5.6 million GF/GP earmarked from Wayne State's appropriation for Joseph F. Young, Sr. Psychiatric Research and Training Program and \$4.5 million GF/GP appropriated for dental clinics grant to University of Detroit-Mercy. Appropriations for same purpose recommended in Community Health budget from federal revenue.

National Charters School Institute

Reduces Central Michigan's appropriation by \$500,000 GF/GP, reflecting elimination of funding for the National Charter Schools Institute housed at the university.

Agriculture Experiment Station and Cooperative Extension Service

Reduces funding for Agriculture Experiment Station by \$3.3 million (10.0 percent) and funding for Cooperative Extension Service by \$6.7 million (23.4 percent) for total reduction of \$10.0 million GF/GP.

Tuition Grant Program

Eliminates \$61.8 million GF/GP for Tuition Grant Program.

Merit Award Program

Includes increase of \$59.6 million (Merit Trust Fund) for \$2,500 Merit Awards for students attending state institutions; does not fund \$1,000 awards for students attending out-of-state institutions and awards of up to \$500 for performance on middle school MEAP, which are scheduled to be paid beginning in FY 2005-06.

Tuition Incentive Program

Includes increase of \$1.8 million (Merit Trust Fund) for projected increase in costs of Tuition Incentive Program) — a need-based financial aid program for Medicaid-eligible individuals.

School Aid

FY 2005-06

Analysts: Mary Ann Cleary and Laurie Cummings

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	1,353,540,100	1,374,074,500	20,534,400	1.5
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	10,909,200,000	11,414,994,600	505,794,600	4.6
GF/GP	264,700,000	20,200,000	(244,500,000)	(92.4)
Gross	\$12,527,440,100	\$12,809,269,100	\$281,829,000	2.2
FTEs	0.0	0.0	0.0	0.0

	GF/GP	All Funds
<i>Improve Student Achievement</i>		
Foundation Allowance Payments	\$2,216,000	\$9,683,000,000
Other State Programs	17,984,000	1,761,487,800
Federal Programs	0	1,364,781,300
TOTAL FY 2005-06 Executive Recommendation	\$20,200,000	\$12,809,269,100

Per-Pupil Foundation Allowance Increase

Proposes increase in per-pupil foundation allowance (used for school operations) of \$175 per pupil (estimated cost of \$300 million). The foundation allowance would increase from \$6,700 to \$6,875.

New Grant for High School Students

Proposes \$26.3 million to create a new \$50 per-pupil grant for each student in grade 9 through 12.

At-Risk Funding Increase

Adds \$33 million for the At-Risk Program, raising the total appropriation from \$314.2 million to \$347.2 million.

Michigan Virtual High School Increase

Recommends increasing state and federal funding for Michigan Virtual High School by \$5 million, to \$8 million, to provide advanced courses to rural and other schools.

Center for Education Performance and Information Increase

Proposes \$3.7 million increase for Center for Education Performance and Information for operations and for development and implementation of a new system to track students from pre-kindergarten to age 20.

Freedom to Learn Grants Eliminated

Proposes eliminating the Freedom to Learn Program, which provides wireless laptop computers to 6th grade students—a reduction of \$3.7 million in state funds and \$17.3 million in federal funds.

BUDGET AREA: GENERAL GOVERNMENT

FY 2005-06

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$556,704,500	\$581,480,000	\$24,775,500	4.5
Federal	50,531,800	52,367,000	1,835,200	3.6
Local	20,532,800	2,725,400	(17,807,400)	(86.7)
Private	550,100	550,100	0	0.0
Restricted	1,634,696,300	1,674,687,700	39,991,400	2.4
GF/GP	335,061,900	336,265,600	1,203,700	0.4
Gross	\$2,598,077,400	\$2,648,075,800	\$49,998,400	1.9
FTEs	7,043.4	7,054.4	11.0	0.2

Attorney General

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$12,545,500	\$13,359,300	\$813,800	6.5
Federal	8,301,300	8,799,400	498,100	6.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	10,485,000	11,011,400	526,400	5.0
GF/GP	31,503,900	32,710,200	1,206,300	3.8
Gross	\$62,835,700	\$65,880,300	\$3,044,600	4.8
FTEs	564.0	566.0	2.0	0.4

	GF/GP	All Funds
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
Attorney General Operations	\$29,811,900	\$60,575,100
Child Support Enforcement, Prosecuting Attorneys Coordinating Council, Information Technology	2,898,300	5,305,200
TOTAL FY 2005-06 Executive Recommendation	\$32,710,200	\$65,880,300

Legal Representation for Tax Reverted Land

Includes 2.0 FTEs and \$240,000 in IDG funding for legal representation to be provided for cases involving tax reverted land. Department of Treasury will pay for these services from the Land Reutilization Fund.

Byrne Grant Funding

Includes authorization for Department to receive an additional \$93,000 in federal Byrne Grant funding.

Employee-Related Economics

Includes \$3.2 million gross (\$1.7 million GF/GP) to restore employee-related savings included in FY 2004-05 and to fund employee-related economic increases for retirement and insurance costs in FY 2005-06.

Administrative Efficiency Reductions

Reduces funding available for administrative expenses by \$379,500 GF/GP. Savings to be generated through administrative efficiencies.

Information Technology Reductions

Reduces funding available for information technology (IT)-related services and projects by \$74,100 GF/GP. Savings to be achieved through rate reductions for contracts, enterprise administration, data center operations, and telecommunications and through a reduction in overhead costs.

Civil Rights

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	934,000	1,049,800	115,800	12.4
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	11,759,000	12,285,300	526,300	4.5
Gross	\$12,693,000	\$13,335,100	\$642,100	5.1
FTEs	141.0	141.0	0.0	0.0

	GF/GP	All Funds
Make Government in Michigan More Cost Effective and Efficient		
Civil Rights Operations and Information Technology	\$12,285,300	\$13,335,100
TOTAL FY 2005-06 Executive Recommendation	\$12,285,300	\$13,335,100

Increased Federal Funding

Authorizes receipt of additional federal grant funding available from U. S. Department of Housing and Urban Development (\$65,800) and Equal Employment Opportunity Commission (\$50,000).

Employee-Related Economics

Includes \$896,600 GF/GP to restore employee-related savings included in FY 2004-05 and fund employee-related economic increases for retirement and insurance costs in FY 2005-06.

Administrative Efficiency Reductions

Reduces funding for administrative expenses by \$356,700 GF/GP. Savings to be generated through program reductions, reductions in Contact Management System project, and through not filling vacant positions.

Information Technology Reductions

Reduces funding for IT-related services and projects by \$38,300 GF/GP. Savings to be achieved through rate reductions for contracts, enterprise administration, data center operations, and telecommunications and through reduction in overhead costs.

Civil Service

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$5,370,900	\$5,670,900	\$300,000	5.6
Federal	4,779,100	4,779,100	0	0.0
Local	1,700,000	1,700,000	0	0.0
Private	150,000	150,000	0	0.0
Restricted	15,474,600	16,539,200	1,064,600	6.9
GF/GP	7,672,100	7,449,300	(222,800)	(2.9)
Gross	\$35,146,700	\$36,288,500	\$1,141,800	3.2
FTEs	240.5	240.5	0.0	0.0

	GF/GP	All Funds
Make Government in Michigan More Cost Effective and Efficient		
Agency Services, Human Resources/Administrative Support	\$5,623,700	\$20,570,700
Benefits, Audit, Training, HR Optimization, Information Technology	1,825,600	15,717,800
TOTAL FY 2005-06 Executive Recommendation	\$7,449,300	\$36,288,500

Increased Funding for Training

Includes \$300,000 IDG for training programs for state employees; departments will reimburse Civil Service.

Employee-Related Economics

Includes \$1.6 million gross (\$500,900 GF/GP) to restore employee-related savings included in FY 2004-05 and fund employee-related economic increases for retirement and insurance costs in FY 2005-06.

Administrative Efficiency Reductions

Reduces funding for administrative expenses by \$658,300 GF/GP. Savings to be generated through program reductions in human resources administrative support, audit and compliance, and agency services, through not filling vacant positions, and reducing CSS&M costs.

Information Technology Reductions

Reduces funding available for IT-related services and projects by \$65,400 GF/GP. Savings to be achieved through rate reductions for contracts, enterprise administration, data center operations, and telecommunications and through a reduction in overhead costs.

Executive

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	5,205,500	5,205,500	0	0.0
Gross	\$5,205,500	\$5,205,500	\$0	0.0
FTEs	84.2	84.2	0.0	0.0

	GF/GP	All Funds
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
Salaries, Operations	\$5,205,500	\$5,205,500
TOTAL FY 2005-06 Executive Recommendation	\$5,205,500	\$5,205,500

No changes to current-year appropriations.

Information Technology

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$360,738,600	\$373,405,100	\$12,666,500	3.5
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	0	0	0	0.0
Gross	\$360,738,600	\$373,405,100	\$12,666,500	3.5
FTEs	1,762.4	1,766.4	4.0	0.2

	<u>GF/GP</u>	<u>All Funds</u>
<i>Improve Student Achievement</i>		
Education and History, Arts, and Libraries IT	\$0	\$2,656,400
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Transportation and Labor and Economic Growth IT	0	64,967,300
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
FIA, Child Support Enforcement, Community Health IT	0	157,540,800
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
DIT Operations	0	44,206,200
Secretary of State, Treasury, DMB, Civil Rights, Civil Service, Attorney General IT	0	52,777,300
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Corrections, State Police, Public Safety Communications, Military and Veterans IT	0	36,821,000
<i>Enhance the Quality of Michigan's Natural Environment</i>		
DNR, DEQ, Agriculture IT	0	14,436,300
TOTAL FY 2005-06 Executive Recommendation	\$0	\$373,405,100

Employee-Related Economics

Includes \$8.8 million gross and IDG to restore employee-related savings included in FY 2004-05 and to fund employee-related economic increases for retirement and insurance costs in FY 2005-06.

Base Adjustments

Makes adjustments to more accurately reflect appropriation for information technology services and projects in other state department budgets: 1) adds \$716,900 for Corrections for software licenses and server maintenance, 2) adds \$905,800 for State Police for two security-related IT positions, two developer/trainer positions, and to recognize additional LEIN fees available for the LEIN system, 3) adds \$735,900 for Community Health to recognize available federal WIC revenue and additional Health Professions Regulatory Fee revenue, 4) adds \$428,000 for Family Independence Agency to properly reflect IT service costs, 5) reduction of \$1.0 million from Labor and Economic Growth to accurately reflect available revenue.

Information Technology Reductions in Other State Departments

Reduces DIT budget by \$7.7 million to reflect funding reduced from various state department budgets as a result of rate reductions for contracts, enterprise administration, data center operations, and telecommunications and reductions in overhead costs.

Program Reductions

Reduces DIT budget by \$1.2 million to reflect funding reduced from various state department budgets as a result of program reductions.

Program Enhancements

Makes the following adjustments to reflect appropriations for program enhancements made in other state department budgets: 1) adds \$5.5 million for Family Independence Agency for the Integrated Service Delivery Project, 2) adds \$3.0 million for Family Independence Agency for the Caseworker Relief Project, 3) adds \$1.5 million for Civil Service for the Human Resources Optimization Project, 4) adds \$1.2 million for Management and Budget for the e-Procurement Project

Legislature

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	400,000	400,000	0	0.0
Restricted	2,356,500	2,356,500	0	0.0
GF/GP	122,173,900	122,173,900	0	0.0
Gross	\$126,731,900	\$126,731,900	\$0	0.0
FTEs	0.0	0.0	0.0	0.0

	GF/GP	All Funds
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
House of Representatives, Senate, Legislative Auditor General, Property Management, Legislative Council, Retirement, Fiscal Agencies	\$122,173,900	\$126,731,900
TOTAL FY 2005-06 Executive Recommendation	\$122,173,900	\$126,731,900

No changes to current-year appropriations.

Management and Budget

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$143,075,200	\$153,786,800	\$10,711,600	7.5
Federal	444,600	0	(444,600)	(100.0)
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	33,206,100	42,909,400	9,703,300	29.2
GF/GP	36,684,200	36,450,600	(233,600)	(0.6)
Gross	\$213,410,100	\$233,146,800	\$19,736,700	9.2
FTEs	731.0	751.0	20.0	2.8

	GF/GP	All Funds
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
State Owned and Leased Buildings	\$0	\$86,644,700
Motor Vehicle Fleet	0	56,574,800
Retirement, Administration, Information Technology, Professional Development, Design and Construction	32,353,300	77,923,100
State Fair, Office of State Employer, State Building Authority, Buildings for Legislative and Executive	2,740,300	10,647,200
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Office of Children's Ombudsman	1,357,000	1,357,000
TOTAL FY 2005-06 Executive Recommendation	\$36,450,600	\$233,146,800

Cadillac Place Lease

Restores \$10.7 million gross for lease payments for the Cadillac Place building in Detroit. Funding reduced from the prior two FY budgets as a result of restructuring lease payments.

Transfer of the State Fair

Reflects State Fair transfer, 9.0 FTEs and \$5.5 million gross, from Agriculture to DMB, pursuant to 2004 PA 468.

Property Tax Reduction for Constitution Hall

Reduces funding by \$1.5 million gross as a result of not having to pay property taxes due to the state's purchase of the building.

Program Enhancements

Includes 3.0 FTEs and \$1.5 million gross for new e-Procurement system which will provide for electronic purchasing and \$500,000 gross for Retirement Disaster Recovery Plan which will ensure that the call center is operational within 48 hours and pension payments are made within one week of a disaster.

Employee-Related Economics

Includes \$4.8 million gross (\$1.8 million GF/GP) to restore employee-related savings included in FY 2004-05 and to fund employee-related economic increases for retirement and insurance costs in FY 2005-06.

Administrative Efficiency Reductions

Reduces funding available for administrative expenses by \$605,700 GF/GP. Savings to be generated through staffing eliminations and support cost reductions.

Information Technology Reductions

Reduces funding available for IT-related services and projects by \$1.3 million GF/GP. Savings to be achieved through rate reductions for contracts, enterprise administration, data center operations, and telecommunications, a reduction in costs for maintenance of the MAIN accounting system, and a reduction in overhead costs.

State

Analyst: Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$20,000,000	20,000,000	\$0	0.0
Federal	1,391,000	2,333,300	942,300	67.7
Local	0	0	0	0.0
Private	100	100	0	0.0
Restricted	141,878,500	160,287,200	18,408,700	13.0
GF/GP	23,909,900	14,265,100	(9,644,800)	(40.3)
Gross	\$187,179,500	\$196,885,700	\$9,706,200	5.2
FTEs	1,857.8	1,857.8	0.0	0.0

	GF/GP	All Funds
Make Government in Michigan More Cost Effective and Efficient		
Branch/Central Operations, Information Technology, Department Expenses	\$8,539,000	\$142,064,100
Regulatory Services, Election Regulation, Executive and Department Services	5,726,100	54,821,600
TOTAL FY 2005-06 Executive Recommendation	\$14,265,100	\$196,885,700

Branch Operations Fund Source Shift

Adds \$10.0 million in state restricted Transportation Administration Collection Fund (TACF) revenue and reduces GF/GP by a like amount. Legislation is necessary in order to redirect collection fee revenue from the Michigan Transportation Fund to the TACF.

Employee-Related Economics

Includes \$9.5 million gross (\$970,400 GF/GP) to restore employee-related savings included in FY 2004-05 and to fund employee-related economic increases for retirement and insurance costs in FY 2005-06.

Administrative Efficiency Reductions

Reduces funding available for administrative expenses by \$540,000 GF/GP. Savings to be generated through administrative efficiencies.

Information Technology Reductions

Reduces funding available for IT-related services and projects by \$75,200 GF/GP. Savings to be achieved through rate reductions for contracts, enterprise administration, data center operations, and telecommunications and through a reduction in overhead costs.

Treasury

Analyst: Viola Bay Wild and Robin R. Risko

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$13,172,800	\$13,456,400	\$283,600	2.2
Federal	34,681,800	35,405,400	723,600	2.1
Local	18,832,800	1,025,400	(17,807,400)	(94.6)
Private	0	0	0	0.0
Restricted	1,431,295,600	1,441,584,000	10,288,400	0.7
GF/GP	96,153,400	105,725,700	9,572,300	10.0
Gross	\$1,594,136,400	\$1,597,196,900	\$3,060,500	0.2
FTEs	1,662.5	1,647.5	(15)	(0.9)

	GF/GP	All Funds
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
Revenue Sharing	\$0	\$1,121,100,000
Debt Service, Grants to Locals, Tax Programs	59,696,500	239,562,000
Department Operations and Services, Information Technology	24,168,100	84,542,400
<i>Improve Student Achievement</i>		
Lottery/Gaming	0	56,940,100
Student Financial Assistance	1,593,100	34,874,800
Other Programs	2,268,000	4,904,800
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Senior Housing Exemption, Home Heating Assistance	17,900,000	19,936,800
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Commercial Mobile Radio Service, Others	100,000	35,336,000
TOTAL FY 2005-06 Executive Recommendation	\$105,725,700	\$1,597,196,900

Revenue Sharing

Reduces revenue sharing payments by \$5.2 million. Eliminates one-time county revenue sharing payments of \$17.9 million which funded the October 2004 payment for those counties whose fiscal year ended September 30. Payments helped implement the new county tax shift and were to be repaid to the state by March, 2005.

Debt Service

Adds \$6.7 million GF/GP for required debt service payments on Quality of Life bond (a fund source shift of \$2.9 million from state restricted Cleanup and Redevelopment Funds to GF/GP); adds \$3.8 million gross and GF/GP for required debt service payments on Clean Michigan Initiative bond; reduces payments on Water Pollution Control bond by \$58,000 gross and GF/GP.

Grants

Increases Convention Facility Development Distribution by \$5.4; adds \$2.3 million for Commercial Mobile Radio Service Payments which maintains the local wireless 911 emergency response telephone service; adds \$1.2 million gross and GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program; increases Health and Safety Fund Grants by \$1.5 million.

Local Government

Reduces Personal Property Tax Auditors funding by \$2.5 million gross and GF/GP.

Economic Increases

Adds \$11.3 million gross, \$1.5 million GF/GP for economic increases to restore FY 2004-05 employee wage and salary concessions and pay increased costs of insurances, retirement, and building occupancy charges.

BUDGET AREA: HUMAN SERVICES**Community Health**

FY 2005-06

Analysts: Margaret Alston, Sue Frey, Steve Stauff

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$70,037,000	\$34,485,400	(\$35,551,600)	(50.8)
Federal	5,502,478,700	5,467,496,800	(34,981,900)	(0.6)
Local	523,452,400	235,430,800	(288,021,600)	(55.0)
Private	55,476,400	59,470,100	3,993,700	7.2
Restricted	1,463,844,700	1,523,360,600	59,515,900	4.1
GF/GP	2,557,910,600	2,920,639,500	362,728,900	14.2
Gross	\$10,173,199,800	\$10,240,883,200	\$67,683,400	0.7
FTEs	5,118.6	4,699.1	(419.5)	(8.2)

	GF/GP	All Funds
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Medicaid	1,634,421,400	6,905,845,800
Mental Health	1,125,969,600	2,567,182,400
Public Health	61,781,000	448,776,600
Administration	55,423,200	120,323,600
Other	43,044,300	148,397,800
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Bioterrorism preparedness	0	50,357,000
TOTAL FY 2005-06 Executive Recommendation	\$2,920,639,500	\$10,240,883,200

Provider Tax on Specialty Prepaid Health Plans

Increases funds for Medicaid Mental Health and Substance Abuse Services by \$123.8 million to reflect a 2.4% capitation rate increase based on federal approval of a 6% provider tax on specialty prepaid health plans. Provider tax revenue of \$53.7 million would be used as leverage to draw down an additional \$70.1 million in federal Medicaid revenue. The remaining \$35.0 million in provider tax revenue would be used to replace GF/GP support for Community Mental Health/Substance Abuse Services Programs appropriation unit.

Forensic Mental Health Services Provided to the Department of Corrections

Recommends transfer of \$38.7 million of an IDG to Corrections due to a change in responsibility for mentally ill prisoners. Community Health would continue to have responsibility for mental health clinical services; Corrections would assume responsibility for non-clinical services. Transition is expected to occur during FY 2004-05.

Local Public Health Operations

Eliminates \$5.2 million gross (all GF/GP) to local public health departments, a 12.7% reduction of Local Public Health Operations line item funding. Reduction represents 100% of funds from the line item allocated to support hearing screening and vision services provided by local public health departments, pursuant to Public Health Code.

Medicaid and MICHild Caseload/Utilization/Inflation Adjustments

Adds \$486.5 million gross (\$214.3 million GF/GP) of Medicaid base adjustments recognizing projected expenditure trends given inflation, caseload, and utilization growth. Adjustments occur within Medical Services, Substance Abuse, Mental Health, Children's Special Health Care Services (CSHCS), and MICHild programs.

4% Medicaid Provider Rate Reductions

Removes \$139.1 million gross (\$60.6 million GF/GP) due to a 4% reduction in provider payment rates. Medicaid services affected include hospitals, physicians, pharmacies, home health care, long term care, dental, chiropractic, hearing, vision, speech and HMOs.

Michigan Medicaid Reform Initiative

Includes a variety of Medicaid programmatic changes estimated to result in a gross increase of \$58.3 million with savings of \$78.0 million GF/GP. Reforms include: (1) freezing enrollment for the non-mandatory 19 and 20 year old population and eliminating three month retroactive eligibility period prior to date of application; (2) limiting benefits for the non-mandatory adult Medicaid population and eliminating coverage for chiropractic services; (3) closing Medicaid eligibility loopholes related to annuities and other trust accounts and implementing a Medicaid estate recovery program; (4) implementing a Medicaid family planning waiver and a plan to expand insurance coverage to the uninsured through the Third Share Plan; and (5) establishing a provider tax on physicians to increase physician reimbursement rates and reduce GF/GP costs.

Employee-Related Economics

Adds \$30.3 million gross (\$12.6 million GF/GP) to restore employee-related savings included in FY 2004-05 and fund employee-related economic increases for retirement and insurance costs for FY 2005-06.

Corrections

FY 2005-06

Analyst: Marilyn Peterson

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$3,364,200	\$1,043,800	<i>(\$2,320,400)</i>	<i>(69.0)</i>
Federal	8,188,100	10,316,800	<i>2,128,700</i>	<i>26.0</i>
Local	393,600	411,700	<i>18,100</i>	<i>4.6</i>
Private	0	0	<i>0</i>	<i>0.0</i>
Restricted	66,075,600	66,590,000	<i>514,400</i>	<i>0.8</i>
GF/GP	1,708,161,100	1,805,280,300	<i>97,119,200</i>	<i>5.7</i>
Gross	\$1,786,182,600	\$1,883,642,600	<i>\$97,460,000</i>	<i>5.5</i>
FTEs	17,769.8	17,545.2	<i>(224.6)</i>	<i>(1.3)</i>

	GF/GP	All Funds
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Prison and Camp Operations	\$1,523,959,800	\$1,557,535,800
Probation and Parole Oversight	170,600,000	192,588,300
Administration, Community Corrections, Information Technology	110,670,500	133,518,500
TOTAL FY 2005-06 Executive Recommendation	\$1,805,230,300	\$1,883,642,600

Youth Correctional Facility

Full-year savings of \$18.8 million (all GF/GP) and reduction of 480 beds through planned cancellation of management (\$13.3 million) and lease (\$5.4 million) contracts for Michigan Youth Correctional Facility, a privately-owned and -operated prison near Baldwin in Lake County.

Other Prison and Camp Capacity Changes

Overall gain of 21 beds with reduction of 159.7 FTEs and cost of \$789,700 GF/GP (\$560,800 gross) through the following: foregoing opening of Jackson complex's A and B units, which received partial-year funding in FY 2004-05 (\$3.5 million Gross and GF/GP, 480 beds, 58.2 FTEs); security level reductions in five facilities (reductions of \$2.9 million Gross and GF/GP, 95.3 FTEs); closure of Camps Tuscola and Sauble (reductions of \$2.4 million Gross, \$2.1 million GF/GP, 416 beds, 97.0 FTEs); closure of barracks at Marquette's Mangum Farm (reductions of \$1.0 Gross and GF/GP, 59 beds, 11.8 FTEs); plus addition of 976 beds (\$10.3 million Gross and GF/GP, 102.6 FTEs) through adding one bunk in six-bunk open bays in various facilities scattered throughout the lower peninsula.

Close Two Corrections Centers

Reductions of \$2.4 million GF/GP, \$3.5 million gross, 22.0 FTES, and 271 beds through closure of two corrections centers currently leased in Saginaw and Benton Harbor. Corrections centers historically housed low-level prisoners placed in the community prior to parole. Truth-in-sentencing, enacted in 1998, requires offenders sentenced under it to spend their entire minimum sentences in secure confinement, thereby barring them from community placement. The number of prisoners in corrections centers has declined from over 1,600 in the early 1990s to around 60 today.

Initiatives to Control Prison Growth

Abatement of projected need for additional 1,300 prison beds in FY 2005-06 through changes to sentencing guidelines and expenditure of \$15.0 million (all GF/GP) on a variety of local efforts, including: pilot sites under the Michigan Prisoner Re-Entry Initiative; community re-entry housing for mentally ill offender reintegration; local grants to open up an estimated 900 jail beds through additional funds for residential substance abuse services, local mental health jail diversion efforts, pre-trial diversion services, and construction or renovation of additional jail beds; and, additional community corrections and jail grants to offset anticipated local impact of proposed sentencing changes. Executive assumes that absent such initiatives, the Michigan Reformatory in Ionia would have to re-open in early 2007, with attendant costs of \$26.2 million.

Employee Step Increases

Adds \$8.1 million (all GF/GP) to accommodate costs of rising employee seniority at various facilities.

Substance Abuse Testing and Treatment

Adds \$801,700 to accommodate rising numbers of parolees, and \$1.2 million to replace loss of federal funds for in-prison residential substance abuse treatment (RSAT) program, for a total increase of \$2.0 million (all GF/GP).

Family Independence Agency

FY 2005-06

Analysts: Bob Schneider and Bill Fairgrieve

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$1,084,400	\$1,400,900	\$316,500	29.2
Federal	3,033,969,000	3,190,468,600	156,499,600	5.2
Local	73,326,100	51,189,300	(22,136,800)	(30.2)
Private	9,757,600	8,938,900	(818,700)	(8.4)
Restricted	70,321,400	70,373,900	52,500	0.1
GF/GP	1,109,682,800	1,106,603,600	(3,079,200)	(0.3)
Gross	\$4,297,056,900	\$4,428,975,200	131,918,300	3.1
FTEs	10,302.0	10,290.0	(12.0)	(0.1)

	GF/GP	All Funds
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Income Assistance	\$288,418,400	\$1,890,087,700
Individual and Family Services	310,782,600	871,851,500
Field Staff and Administration	225,970,800	646,397,500
Child Support Enforcement	11,840,500	205,744,300
Information Technology, Administration and Support	80,882,700	232,422,100
Disability Determination, Licensing	12,543,600	93,063,700
<i>Improve Student Achievement</i>		
Day Care Services, Licensure	175,389,900	472,979,300
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Employment Training and Support Services	775,100	16,429,100
TOTAL FY 2005-06 Executive Recommendation	\$1,106,603,600	\$4,428,975,200

Program Caseload Spending Adjustments

Adds \$136.1 million to reflect projected caseload increases in the following programs: Family Independence Program (\$7.6 million), Adoption Subsidy (\$10.6 million), Foster Care (\$1.4 million), State Disability Assistance (\$2.5 million), and State SSI Supplementation (\$1.0 million). Food Assistance Program (100% federally funded) receives additional \$119.3 million to reflect estimated caseload. Projected caseload decreases result in reduction to Day Care Services (\$6.3 million).

Child Day Care Waiting Period

Recognizes \$21.0 million in savings (\$10.0 million GF/GP) to be achieved through a proposed 30-day waiting period for day care subsidy payments. Under the proposal, recipients with incomes low enough to qualify for day care benefits, but not low enough to qualify for direct Family Independence Program cash assistance, would have to wait 30 days before state day care payments would be initiated.

Elimination of Programs and Initiatives

Eliminates a number of programs and initiatives added in the FY 2004-05 budget, including: Michigan Housing and Community Development Fund (\$2.0 million), Marriage Initiative (\$250,000), Fatherhood Initiative (\$200,000), Homeless Prevention/Food for the Elderly project (\$150,000), Boys and Girls Club Day Care pilot (\$250,000), Barry County Domestic Violence allocation (\$75,000), and Pontiac School-Based Crisis Intervention (\$78,500). Also eliminates Post Adoption Support Services Program (\$422,000); and reduces appropriation for Individual Development Accounts by \$100,000.

Reduction in Legal Support Contracts for Child Support Enforcement

Reduces funding to support contracts with County Friend of the Courts for child support enforcement activities by \$5.6 million.

Foster Care Reductions Linked to Family-to-Family Strategies

Incorporates \$12.8 million savings for foster care payments linked to implementing Department's Family to Family model strategies. The existing pilot that serves as a model for this statewide implementation emphasizes serving foster children in their own communities by recruiting and training foster care families, building community partnerships, team decision-making, and evaluating outcomes.

Administrative Efficiency Reductions

Includes reductions in several areas through administrative efficiencies, including 10% reduction for state juvenile justice facilities (\$5.7 million), reducing IT contracts and overhead (\$3.9 million), and centralizing personnel management functions (\$832,100).

Indigent Burial Rate Reduction

Reduces state payment rate for funeral directors, cemeteries/crematoriums, and vault providers who provide for indigent burials by 4%, achieving \$246,600 in program savings.

BUDGET AREA: LABOR AND ECONOMIC GROWTH

Labor and Economic Growth

FY 2005-06

Analyst: Richard Child

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$515,200	\$489,700	(\$25,500)	(4.9)
Federal	836,502,100	842,527,600	602,500	0.7
Local	15,669,600	15,738,200	68,600	0.4
Private	4,140,100	3,990,600	(149,500)	(3.6)
Restricted	290,500,600	539,543,800	249,043,200	85.7
GF/GP	94,538,000	73,848,500	(20,689,500)	(21.9)
Gross	\$1,241,865,600	\$1,476,138,400	\$228,849,800	18.4
FTEs	4,307.0	4,325.0	18.0	0.4

	GF/GP	All Funds
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Job Creation and Economic Growth	\$31,561,800	\$280,367,200
Workforce Development	25,025,300	382,471,000
Boards, Commissions, Authorities	5,741,400	191,681,900
Administration, Licensing, Workers Compensation, Information Technology	4,514,400	399,041,700
<i>Improve Student Achievement</i>		
Grants and Education Programs	3,468,500	91,277,100
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
Tax Tribunal	0	1,447,700
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Energy Efficiency Assistance, Vocational Rehabilitation Services	3,537,100	118,525,700
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Fire Protection Grants and Office of Fire Marshal	0	11,326,100
TOTAL FY 2005-06 Executive Recommendation	\$73,848,500	\$1,476,138,400

Michigan 21st Century Jobs Initiative

Proposes \$2 billion general obligation bond issue over the next decade which will require a two thirds majority of the Legislature to approve a special election in which voters will be asked to support a Constitutional amendment.

Proposes \$200 million in bond proceeds for FY 2005-06 to be used as grants to support university and non-profit research and provide assistance to technology startups and entrepreneurs; goal is to create 72,000 high-paying jobs over the next decade.

Jobs Today Initiative

Proposes accelerating \$800 million in state bonds to create 36,000 new jobs over the next three years. Bond proceeds are to be invested in loans to school districts for building renovation, improving and expanding roads, and renovation of state university and other state facility buildings. Other projects include environmental cleanup, downtown area improvements and housing development and renovation. Additional cost results from the interest only on the acceleration. Debt repayment will begin in FY 2006-07, with debt service to remain static at \$37.5 million until 2020. There is no FY 2005-06 impact on DLEG.

Tripling of Liquor License Fees

Proposes tripling liquor license fees, which have not been increased since 1976, to generate \$23 million; \$16.8 million of the increase will be used for regulatory activities. The \$16.8 million in additional license fee revenue replaces Liquor Purchase Revolving Fund in DLEG budget which is currently supporting liquor regulatory activities. This will make \$16.8 million in the Liquor Purchase Revolving Fund available to double support for local fire protection grants by adding \$3.7 million, and transfer \$13.1 million to the General Fund. The remaining \$6.2 million arising from tripling the fees will be used for liquor law local enforcement grants.

FY 2006 Economic Adjustments

Adds \$25.7 Gross (\$1.7 million GF/GP) for restoration of FY 2004-05 wage concessions. Department will need to make internal reductions to fund contractual FY 2005-06 1.5% salary and wage increase. Economic increases are included for cost of employee benefits, which has risen 12.8%, and increases in pensions, worker's compensation, building occupancy and rent.

Low Income Energy Efficiency Fund Assistance

Adds \$15.0 million, bringing the total available for FY 2005-06 to \$60.0 million.

Other Federal Fund Program/Grant Increases

Adds \$16.3 million from additional federal funds: \$10.0 million added to Michigan State Housing Development Authority (MSHDA) to increase assistance for lower income housing, \$3.0 million added to Adult Basic Education line to serve more students at the local level, \$2.1 million added to increase Work Investment Act (WIA) funds for Regional Skills Alliance (MiRSA), \$1.0 million added to Michigan Public Service Commission Energy Office to provide low income energy efficiency assistance and develop alternative energy, \$0.1 million added to Office of Workforce Development for career planning for high school students.

Technology Tri-Corridor Life Sciences

Eliminates \$30.0 million (\$20.0 GF/GP) line item, to be replaced by bond proceeds from Michigan 21st Century Jobs initiative.

Grant to Wine Industry Council

Moves grant from Liquor Control Commission to Agriculture.

Increased Business Regulation Funding

Adds \$1.4 million for Office of Financial and Insurance Services to hire 7.0 FTEs to conduct anti-predatory lending examinations and increase financial evaluation services to cover out-of-state examination contracts. Adds \$1.2 million to Occupational Regulation Appropriation Unit to address backlogs and new statutory requirements in commercial services, boiler inspections and elevator inspections. Source for increases is additional state restricted funds from increased regulatory fees.

Increased Remonumentation Grants

Increases remonumentation grants by \$4.0 million to \$14.0 million for FY 2005-06, funded by additional state restricted funds from increased remonumentation fees.

Other Spending Reductions

Reduces Michigan Strategic Fund by \$5.4 million, \$5.0 million of which reflects reduced Federal Community Development Block Grant funding. Department-wide GF/GP spending reduced \$0.8 million through greater efficiencies.

BUDGET AREA: RESOURCE PROTECTION

Agriculture

FY 2005-06

Analyst: William E. Hamilton

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$10,831,700	\$10,943,400	\$111,700	1.0
Federal	33,476,200	32,181,700	(1,294,500)	(3.9)
Local	0	0	0	0.0
Private	138,700	138,700	0	0.0
Restricted	51,593,300	38,244,400	(13,348,900)	(25.9)
GF/GP	30,091,400	28,572,600	(1,518,800)	(5.1)
Gross	\$126,131,300	\$113,053,900	\$29,652,300	(10.4)
FTEs	749.0	700.0	(49.0)	(6.6)

	GF/GP	All Funds
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Agriculture Development	\$273,600	\$1,585,900
<i>Enhance the Quality of Michigan's Natural Environment</i>		
Animal and Plant Health and Protection	7,937,100	43,281,00
Fairs and Expositions	0	12,305,700
Administration, Consumer Protection, Information Technology	6,565,200	10,970,500
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Food Safety & Security	9,923,000	24,707,900
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Consumer Protection	480,000	4,753,800
Fairs and Expositions	285,500	4,292,200
Administration	0	310,400
TOTAL FY 2005-06 Executive Recommendation	\$28,572,600	\$113,053,900

Revenue Shift

Proposes removing casino tax increase enacted by 2004 PA 306 (HB4612) as fund source for Agriculture (\$6.1 million in FY 2004-05). Proposes taking reductions from animal industry and fairs and expositions line items. Revenue shift from Agriculture Industry Equine Development Fund to state GF/GP will require amendment of Michigan gaming control and revenue act.

Transfer Michigan State Fair to Department of Management and Budget

Reflects transfer of Michigan State Fair from Agriculture to Management and Budget, resulting in a reduction to the Agriculture budget of \$5.5 million.

Emerald Ash Borer Program

Eliminates 43.0 limited-term positions due to changes in Emerald Ash Borer program. This is reflected by a \$1.8 million reduction in federal grant revenue.

Environmental Quality

FY 2005-06

Analyst: Kirk Lindquist

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$14,263,000	\$17,096,900	\$2,833,900	19.9
Federal	133,766,800	142,995,700	9,228,900	6.9
Local	0	0	0	0.0
Private	445,900	450,000	4,100	0.9
Restricted	163,451,800	182,253,100	18,801,300	11.5
GF/GP	28,671,800	30,510,300	1,838,500	6.4
Gross	\$340,599,300	\$373,306,000	\$32,706,700	9.6
FTEs	1,570.2	1,562.2	(8.0)	(0.5)

	GF/GP	All Funds
<i>Enhance the Quality of Michigan's Natural Environment</i>		
Investigations and Grants	\$7,908,100	\$132,816,800
Environmental Cleanup Programs	0	62,956,400
Department Operations	4,926,100	30,507,500
Inspections, Air Quality, Land Management, Pollution Prevention, Waste and Hazardous Materials	14,597,300	111,595,900
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Inspection of Michigan Water Supplies	2,518,300	19,460,400
Grants, Nuclear Power Plant Monitoring, Other	559,300	15,547,200
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Public Drinking Water Supply Security Program	1,200	406,800
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Laboratory Recognition Program	0	15,000
TOTAL FY 2005-06 Executive Recommendation	\$30,510,300	\$373,306,000

Leaking Underground Storage Tank Cleanup Funds

Proposes using restricted funds to clean up storage tank sites: \$22,000,000

Water Pollution Control and Drinking Water Revolving Fund Matching Funds

Restores General Fund match for Federal grant: \$5,800,000.

Wetland Protection and Inland Lakes Fee Increase

Recommends fee increase to replace appropriated General Fund: \$2,000,000

Scrap Tire Grants

Increases restricted funds to clean up scrap tire piles created before 1991: \$1,000,000

Aquifer Protection Program

Eliminates program: (\$650,000)

Dam Safety Program

Eliminates program: (\$456,300)

Natural Resources

FY 2005-06

Analyst: Kirk Lindquist

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$3,528,700	\$3,691,200	\$162,500	4.6
Federal	37,195,200	38,790,200	1,595,000	4.3
Local	0	0	0	0.0
Private	2,024,300	2,090,100	65,800	3.3
Restricted	192,702,200	200,064,300	7,362,100	3.8
GF/GP	28,885,000	26,533,300	(2,351,700)	(8.1)
Gross	\$264,335,400	\$271,169,100	\$6,833,700	2.6
FTEs	2,064.5	2,068.2	3.7	1.8

	GF/GP	All Funds
<i>Enhance the Quality of Michigan's Natural Environment</i>		
Parks and Recreation, Forest/Mineral/Fire Management, Fisheries and Wildlife Management	\$8,175,700	\$135,451,600
Department Operations and Grants	7,359,900	73,923,300
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Law Enforcement and Other	1,093,700	25,811,900
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
Payments in Lieu of Taxes and Other	9,771,900	13,821,700
<i>Improve Student Achievement</i>		
Safety Education and Educational Programming	131,100	11,184,900
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Forest Management, Mineral Lease Sales, Civilian Conservation Corps, Other	1,000	10,975,700
TOTAL FY 2005-06 Executive Recommendation	\$26,533,300	\$271,169,100

Conservation Officers

Reduces General Fund support; no general law enforcement activity is supported: (\$1,600,000)

School Assessment Costs (Payment in Lieu of Taxes)

Removes appropriation included in School Aid: (\$2,400,000)

State Game Area Maintenance

Transfers restricted funds from Capital Outlay appropriation: \$300,000

Snowmobile Law Enforcement Grants

Shifts restricted grant funding for county sheriffs to DNR law enforcement: (\$300,000)

BUDGET AREA: SAFETY AND DEFENSE**Military Affairs**

FY 2005-06

Analyst: Jan Wisniewski

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$1,042,500	\$1,256,800	\$214,300	20.6
Federal	45,418,100	49,537,200	4,119,100	9.1
Local	0	0	0	0.0
Private	1,282,300	1,355,800	73,500	5.7
Restricted	25,599,800	26,610,500	1,010,700	3.9
GF/GP	37,370,700	38,348,200	977,500	2.6
Gross	\$110,713,400	\$117,108,500	\$6,395,100	5.8
FTEs	1,023.0	1,023.0	0.0	0.0

	GF/GP	All Funds
<i>Make Michigan's People Healthier and Our Families Stronger</i>		
Veterans' Homes, Service Organizations, Trust Fund Administration	\$23,643,000	\$68,745,300
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Military Preparedness	13,952,100	42,136,800
<i>Improve Student Achievement</i>		
Tuition Grants, ChalleNGe Program	753,100	6,226,400
TOTAL FY 2005-06 Executive Recommendation	\$38,348,200	\$117,108,500

D .J. Jacobetti Veterans' Home – Medicare and Medicaid

Increases federal revenue (\$128,000) at D.J. Jacobetti Veterans' Home due to tightening criteria for providing free prescription drugs to some veterans at the home. Results in increased Medicare and Medicaid revenues.

Grand Rapids Veterans' Home – Board of Managers

Increases authorization for private donations to the Home from the public, veterans' organizations, and corporations.

Headquarters and Armories – Current Services Baseline Adjustment and Armory Closure

Increases federal revenue (\$200,000) available for security contracts, engineering and environmental services, personnel costs, and telecommunication charges. Decreases GF/GP funding (\$230,000) for Homeland Security workgroup to close armories.

Military Training Sites – Various

Increases federal revenue (\$2 million) available for security contracts, personnel costs, and maintenance costs. Decreases GF/GP funding (\$200,000) to the National Guard Tuition Assistance Program due to a federal match change. Decreases GF/GP funding (\$70,000) for Homeland Security workgroup to close armories.

Homeland Security

Increases pass-through grant funding (\$200,000) received from State Police for activities related to Homeland Security program

Military Retirement Payments

Increases annual annuity paid to retired Michigan Army and Air National Guard personnel per Michigan Military Act, 1967 PA 150.

State Police

FY 2005-06

Analyst: Jan Wisniewski

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$19,916,800	\$20,736,300	\$819,500	4.1
Federal	106,255,100	170,821,000	64,565,900	60.8
Local	4,681,100	5,597,900	916,800	19.6
Private	10,700	11,200	500	4.7
Restricted	100,602,000	107,946,900	7,344,900	7.3
GF/GP	244,380,200	238,968,200	(5,412,000)	-2.2
Gross	\$475,845,900	\$544,081,500	\$68,235,600	14.3
FTEs	2,951.0	2,951.0	0.0	0.0

	GF/GP	All Funds
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Troopers and Motor Carrier Officers	\$120,586,200	\$194,610,600
Criminal Justice Community Services	63,824,700	139,565,400
Homeland Security, Investigative Services, Forensic Lab	54,557,300	209,927,000
TOTAL FY 2005-06 Executive Recommendation	\$238,968,200	\$544,103,000

Increases Federal Authorization

Provides \$63.5 million increase in federal authorization for Homeland Security initiatives, border grants for motor carriers, enhanced crash test data collection, and increased casework for drunk driving limit reductions.

School Bus Inspections

Removes \$1.2 million GF/GP for school bus inspections and offsets with state restricted fund shift for charging school districts for school bus inspections by the Department.

Fire Investigations

Reduces Fire Investigations by \$3.4 million and transfers responsibility to Criminal Investigations unit.

State Police Post Closures

Removes \$1.1 million GF/GP for closure of three State Police posts in Groveland, Grand Haven, and Iron River.

Sale of Department Aircraft

Removes \$400,000 GF/GP reflecting savings from sale of two department aircraft.

Criminal Justice Information Center

Removes \$700,000 GF/GP and shifts restricted funds for Criminal Justice Information Center operations.

BUDGET AREA: ALL OTHER

Capital Outlay

FY 2005-06

Analyst: Al Valenzio

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$2,000,000	\$2,000,000	\$0	0.0
Federal	0	155,075,000	155,075,000	0.0
Local	0	20,000,000	20,000,000	0.0
Private	0	0	0	0.0
Restricted	7,795,000	59,082,300	51,287,300	658.0
GF/GP	243,194,800	276,002,200	32,807,400	13.5
Gross FTEs	\$250,989,800	\$512,159,500	\$261,169,700	104.1

	GF/GP	All Funds
<i>Improve Student Achievement</i>		
State Building Authority Rent – Higher Education	\$140,513,500	\$140,513,500
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Airport safety and Protection Plan Projects	0	163,193,300
Transportation Buildings/Facilities Projects, Higher Education Major and Special Maintenance Projects	100	7,714,100
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
State Building authority Rent – State Agencies	133,488,600	135,283,600
State Agency Special Maintenance Projects	2,000,000	4,000,000
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Camp Grayling Company Headquarters Facilities (Phase II)	0	18,500,000
Military Affairs Special Maintenance Projects, Statewide Land Acquisitions	0	5,200,000
<i>Enhance the Quality of Michigan's Natural Environment</i>		
Waterways Harbor and Boating Access Site Projects	0	22,855,000
Various Acquisition, Preservation, and Maintenance Projects	0	14,900,000
TOTAL FY 2005-06 Executive Recommendation	\$276,002,200	\$512,159,500

State Building Authority Rent – State Agencies, Corrections, Universities, and Community Colleges

Proposes an overall 10% gross increase to fully fund projects coming on-line this year and partially fund projects coming on-line next year. Restricted fund financing from CMRS Emergency Telephone Fund is shifted to General Fund financing, resulting in 12.8% increase in GF/GP. The state pays rent to the SBA so it can pay off bonds that are used to finance building construction projects for state agencies, universities, and community colleges.

University and Community College Major/Special Maintenance Projects

Proposes another \$100 million State Building Authority bond proceeds to finance major and special maintenance projects, in addition to the FY 2004-05 supplemental request. The same conditions would apply; projects must be started and completed between 10/1/05 and 12/31/07 and must be contracted for, SBA financing of each project's cost must be no less than \$100,000 for universities and \$10,000 for community colleges and must extend the useful life of the facility, and SBA funding cannot be used for self-liquidating or self-supporting facilities (e.g., dormitories, parking garages).

FY 2005-06 Executive Recommendation to Distribute Higher Education SBA Special Maintenance Financing

<u>Community Colleges</u>	<u>SBA Special Maintenance</u>	<u>State Universities</u>	<u>SBA Special Maintenance</u>
Alpena Community College	\$284,800	Central Michigan University	4,677,700
Bay De Noc Community College	275,300	Eastern Michigan University	4,524,600
Delta College	770,000	Ferris State University	2,866,500
Glen Oaks Community College	129,200	Grand Valley State University	3,389,500
Gogebic Community College	235,500	Lake Superior State University	742,900
Grand Rapids Community College	968,500	Michigan State University	16,830,200
Henry Ford Community College	1,180,300	Michigan Technological University	2,852,100
Jackson Community College	653,300	Northern Michigan University	2,679,100
Kalamazoo Valley Community College	666,600	Oakland University	2,816,000
Kellogg Community College	523,700	Saginaw Valley State University	1,530,200
Kirtland Community College	159,000	University of Mich. - Ann Arbor	18,770,400
Lake Michigan College	281,900	University of Michigan - Dearborn	1,445,300
Lansing Community College	1,674,800	University of Michigan - Flint	1,242,600
Macomb Community College	1,787,000	Wayne State University	12,745,900
Mid Michigan Community College	238,400	Western Michigan University	6,488,600
Monroe County Community College	231,900	<i>Subtotal Universities</i>	<i>\$83,601,600</i>
Montcalm Community College	167,800		
Mott Community College	846,700		
Muskegon Community College	481,900	GRAND TOTAL	\$100,000,000
North Central Michigan College	163,200		
Northwestern Michigan College	491,700		
Oakland Community College	1,127,200		
St. Clair County Community College	377,600		
Schoolcraft College	661,600		
Southwestern Michigan College	355,100		
Washtenaw Community College	672,400		
Wayne County Community College	869,200		
West Shore Community College	123,800		
<i>Subtotal Community Colleges</i>	<i>\$16,398,400</i>		

Transportation – Airport Safety and Protection Plan

The FY 2004-05 Executive recommendations for this program are still pending. Funds will be used to support security/general improvement projects at more than 100 local and state airports.

Natural Resources – Deer Range Habitat Acquisition

Provides a lump-sum contingency account to purchase and develop lands as they become available to provide greater deer hunting opportunities; financing source is Deer Range Improvement Fund.

Natural Resources – Waterways Boating Program

The FY 2004-05 Executive recommendations for this program are still pending; FY 2005-06 Executive recommendations would continue several lump-sum contingency accounts and provide new funds for both state- and locally-owned marinas, docks and boating access sites.

Major Special Maintenance, Remodeling and Additions for State Agencies

Provides a lump-sum account to fund major state owned building maintenance projects for all departments except Transportation and Military Affairs.

Major Special Maintenance, Remodeling and Additions for the Department of Military and Veterans Affairs

Provides a lump-sum account to fund building maintenance projects at primarily federally-owned military facilities.

Military – New Company Headquarters Building

Provides cost and constructions authorizations for a new facility at Camp Grayling. A FY 2004-005 Executive recommendation for this project is pending before the Legislature.

History, Arts, and Libraries

FY 2005-06

Analyst: Kirk Lindquist

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$139,000	\$149,700	\$10,700	7.7
Federal	8,151,300	8,218,300	67,000	0.8
Local	0	0	0	0.0
Private	577,400	577,400	0	0.0
Restricted	2,412,400	4,082,700	1,670,300	69.2
GF/GP	45,803,500	43,150,800	(2,652,700)	(5.8)
Gross	\$57,083,600	\$56,178,900	(\$904,700)	(1.6)
FTEs	238.0	232.0	(6.0)	(2.5)

	GF/GP	All Funds
<i>Improve Student Achievement</i>		
Aid to Libraries, Lifelong Learning, Michigan Curriculum Framework	\$14,639,000	\$20,996,400
<i>Sustain and Create Business Investment and Jobs in Michigan</i>		
Cultural Tourism Industry	7,637,500	8,887,400
Economic Development	6,653,900	8,485,600
Operations, Information Technology, Michigan Film Office	6,249,800	6,302,800
<i>Enhance the Quality of Michigan's Natural Environment</i>		
Mackinac Island State Park Commission	0	3,138,900
<i>Make Government in Michigan More Cost Effective and Efficient</i>		
Library of Michigan, State Archives	7,970,600	8,367,800
TOTAL FY 2005-06 Executive Recommendation	\$43,150,800	\$56,178,900

Preserve and Access for Michigan Project

Eliminates funding to digitize rare and historical documents for inclusion in the MEL (Michigan Electronic Library): (\$965,000)

Mackinac Island State Park General Fund

Replaces General Fund support with visitor admission fee revenue: (\$1,499,100)

Book Distribution Program Eliminated

Eliminates state funding for distribution of donated surplus publications to libraries and non-profit organizations: (327,500)

Arts and Cultural Grants

Reduces grant funding by 4%: (\$442,900)

Michigan Lighthouse Assistance Program Grants

Eliminates General Fund grants for lighthouse protection and preservation: (\$91,500)

Judiciary

FY 2005-06

Analyst: Marilyn Peterson

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$4,633,500	\$2,563,500	(\$2,070,000)	(44.7)
Federal	4,015,600	3,933,900	(81,700)	(2.0)
Local	3,298,100	3,466,000	167,900	5.1
Private	842,500	842,500	0	0.0
Restricted	82,333,700	86,935,000	4,601,300	5.6
GF/GP	158,093,300	159,987,900	1,894,600	1.2
Gross	\$253,216,700	\$257,728,800	\$4,512,100	1.8
FTEs	582.5	582.5	0.0	0.0

	GF/GP	All Funds
<i>Protect Our Citizens and Make Michigan's Communities Safer</i>		
Justices and Judges Compensation	\$85,490,400	\$92,580,600
Trial Court, Local Programs, Indigent Defense, Other Judicial Agencies	26,906,700	105,797,200
Judicial Branch Operations	47,590,800	59,351,000
TOTAL FY 2005-06 Executive Recommendation	\$159,987,900	\$257,728,800

New Judgeships

Adds \$417,600 (all GF/GP) for recently-enacted changes in judgeships: \$184,600 for full-year costs of judgeships added January 1, 2005, and funded accordingly, and \$233,000 for FY 2005-06 costs of converting part-time probate judges to full-time.

Restricted Funding

Reflects \$4.6 million increase of revenues deriving from various court fees and assessments. Revenues used to offset \$2.2 million GF/GP for court equity fund reimbursements to local trial courts and \$132,200 GF/GP for drug court grants, and to increase funding for drug treatment courts (\$100,000), indigent civil legal assistance (\$600,000), and court equity fund reimbursements (\$1.5 million).

Federal Grant Revenue

Reflects elimination of \$2.0 million in criminal history improvement project funding received as an IDG from State Police; funded development of network (to be completed by spring 2005) to improve courts' reporting of criminal history information. Reduces by \$55,000 the \$95,000 in TANF funding received as IDG from Labor and Economic Growth; used to assist Friend of the Court offices in efforts to help noncustodial parents find employment. Reflects \$115,300 reduction in federal funding received from National Highway Traffic Safety Administration and used for various projects over the years; remaining \$100,000 to be used for training judges and judicial staff.

Transportation

FY 2005-06

Analyst: William E. Hamilton

	FY 2004-05 Year-to-Date as of 2/10/05	FY 2005-06 Executive	Difference: Exec to FY 2004-05 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	4.2
Federal	1,132,701,200	1,207,642,100	74,940,900	6.6
Local	5,800,000	6,100,000	300,000	5.2
Private	0	0	0	0.0
Restricted	2,140,556,900	2,203,966,400	63,409,500	(0.9)
GF/GP	0	0	0	0.0
Gross	\$3,279,058,100	\$3,417,708,500	\$138,650,400	3.0
FTEs	3,037.3	3,036.3	(1.0)	(0)

TRANSPORTATION***Sustain and Create Business Investment and Jobs in Michigan***

	GF/GP	All Funds
State Road & Bridge Construction/Maintenance	\$0	\$1,395,072,300
Local Road & Bridge Construction/Maintenance	0	1,333,417,100
Economic, Bus, Rail, Aeronautics, Rail Freight, and Port Authority Services	0	333,818,100
Administrative Support, Information Technology, Debt Service	0	355,401,000
TOTAL FY 2005-06 Executive Recommendation	\$0	\$3,417,708,500

Debt Service

Increases appropriation for debt service to \$240.7 million to reflect anticipated debt service schedules, an increase of \$72.9 million. Includes \$28.5 million for estimated debt service on new bond issues. Proposed budget does not include debt service on proposed \$400.0 million Jobs Today bond initiative.

Road and Bridge Construction Programs

Authorizes \$992.5 million for state trunkline road and bridge construction/reconstruction programs, a decrease of \$23.7 million. Reflects redirection of additional 1/4 cent of the gasoline tax to local bridges.

Public Transit Agencies

Recommends \$163.3 million for state operating assistance to the state's public transit agencies, an increase of \$1.6 million in state restricted revenue.

Bus Capital

Recommends \$49.3 million for Bus Capital, an increase of \$10.8 million in state-restricted revenue.

TABLE 1
FY 2005-06 EXECUTIVE RECOMMENDATION BY SOURCE OF FUNDS

<u>Department/Major Budget Area</u>	<u>Gross</u>	<u>IDGs and IDTs</u>	<u>Adjusted Gross</u>	<u>Federal Funds</u>	<u>Local Revenue</u>	<u>Private Revenue</u>	<u>State Restricted</u>	<u>General Fund/ General Purpose</u>
Community Colleges	281,327,400	0	281,327,400	0	0	0	0	281,327,400
Education	125,141,800	0	125,141,800	67,519,400	5,444,000	898,600	23,188,200	28,091,600
Higher Education	1,642,834,100	0	1,642,834,100	3,500,000	0	0	146,500,000	1,492,834,100
School Aid	12,809,269,100	0	12,809,269,100	1,374,074,500	0	0	11,414,994,600	20,200,000
EDUCATION	\$14,858,572,400	\$0	\$14,858,572,400	\$1,445,093,900	\$5,444,000	\$898,600	\$11,584,682,800	\$1,822,453,100
Attorney General	65,880,300	13,359,300	52,521,000	8,799,400	0	0	11,011,400	32,710,200
Civil Rights	13,335,100	0	13,335,100	1,049,800	0	0	0	12,285,300
Civil Service	36,288,500	5,670,900	30,617,600	4,779,100	1,700,000	150,000	16,539,200	7,449,300
Executive Office	5,205,500	0	5,205,500	0	0	0	0	5,205,500
Information Technology	373,405,100	373,405,100	0	0	0	0	0	0
Legislature	126,731,900	1,801,500	124,930,400	0	0	400,000	2,356,500	122,173,900
Management and Budget	233,146,800	153,786,800	79,360,000	0	0	0	42,909,400	36,450,600
State	196,885,700	20,000,000	176,885,700	2,333,300	0	100	160,287,200	14,265,100
Treasury: Operations	387,095,500	13,456,400	373,639,100	35,405,400	1,025,400	0	284,369,500	52,838,800
Treasury: Debt/Revenue Sharing	1,210,101,400	0	1,210,101,400	0	0	0	1,157,214,500	52,886,900
GENERAL GOVERNMENT	\$2,648,075,800	\$581,480,000	\$2,066,595,800	\$52,367,000	\$2,725,400	\$550,100	\$1,674,687,700	\$336,265,600
Community Health	10,240,883,200	34,485,400	10,206,397,800	5,467,496,800	235,430,800	59,470,100	1,523,360,600	2,920,639,500
Corrections	1,883,642,600	1,043,800	1,882,598,800	10,316,800	411,700	0	66,590,000	1,805,280,300
Family Independence Agency	4,428,975,200	1,400,900	4,427,574,300	3,190,468,600	51,189,300	8,938,900	70,373,900	1,106,603,600
HUMAN SERVICES	\$16,553,501,000	\$36,930,100	\$16,516,570,900	\$8,668,282,200	\$287,031,800	\$68,409,000	\$1,660,324,500	\$5,832,523,400
Labor and Economic Growth	1,476,138,400	489,700	1,475,648,700	842,527,600	15,738,200	3,990,600	539,543,800	73,848,500
LABOR AND ECONOMIC GROWTH	\$1,476,138,400	\$489,700	\$1,475,648,700	\$842,527,600	\$15,738,200	\$3,990,600	\$539,543,800	\$73,848,500
Agriculture	113,053,900	10,318,200	102,735,700	32,581,700	0	138,700	41,442,700	28,572,600
Environmental Quality	373,306,000	17,096,900	356,209,100	142,995,700	0	450,000	182,253,100	30,510,300
Natural Resources	271,169,100	3,691,200	267,477,900	38,790,200	0	2,090,100	200,064,300	26,533,300
RESOURCE PROTECTION	\$757,529,000	\$31,106,300	\$726,422,700	\$214,367,600	\$0	\$2,678,800	\$423,760,100	\$85,616,200
Military and Veterans Affairs	117,108,500	1,256,800	115,851,700	49,537,200	0	1,355,800	26,610,500	38,348,200
State Police	544,081,500	20,736,300	523,345,200	170,821,000	5,597,900	11,200	107,946,900	238,968,200
SAFETY AND DEFENSE	\$661,190,000	\$21,993,100	\$639,196,900	\$220,358,200	\$5,597,900	\$1,367,000	\$134,557,400	\$277,316,400
Capital Outlay	512,159,500	2,000,000	510,159,500	155,075,000	20,000,000	0	59,082,300	276,002,200
History, Arts, and Libraries	56,178,900	149,700	56,029,200	8,218,300	0	577,400	4,082,700	43,150,800
Judiciary	257,728,800	2,563,500	255,165,300	3,933,900	3,466,000	842,500	86,935,000	159,987,900
Transportation	3,417,708,500	0	3,417,708,500	1,207,642,100	6,100,000	0	2,203,966,400	0
ALL OTHERS	\$4,243,775,700	\$4,713,200	\$4,239,062,500	\$1,374,869,300	\$29,566,000	\$1,419,900	\$2,354,066,400	\$479,140,900
TOTAL APPROPRIATIONS	\$41,198,782,300	\$676,712,400	\$40,522,069,900	\$12,817,865,800	\$346,103,300	\$79,314,000	\$18,371,622,700	\$8,907,164,100

TABLE 2
FY 2005-06 ADJUSTED GROSS APPROPRIATIONS
FY 2005-06 Revised Executive Recommendation Compared with FY 2004-05 Year-to-Date

<u>MAJOR BUDGET AREA</u>	<u>FY 2004-05 YEAR-TO-DATE</u>	<u>FY 2005-06 EXECUTIVE RECOMMEND</u>	<u>FY 2005-06 vs 2004-05</u>	
			<u>AMOUNT DIFFERENT</u>	<u>PERCENT DIFFERENT</u>
Community Colleges	294,268,200	281,327,400	(12,940,800)	-4.4%
Education	112,476,900	125,141,800	12,664,900	11.3%
Higher Education	1,733,158,700	1,642,834,100	(90,324,600)	-5.2%
School Aid	12,527,440,100	12,809,269,100	281,829,000	2.2%
EDUCATION	\$14,667,343,900	\$14,858,572,400	\$191,228,500	1.3%
Attorney General	50,290,200	52,521,000	2,230,800	4.4%
Civil Rights	12,693,000	13,335,100	642,100	5.1%
Civil Service	29,775,800	30,617,600	841,800	2.8%
Executive Office	5,205,500	5,205,500	0	0.0%
Information Technology	0	0	0	0.0%
Legislature	124,930,400	124,930,400	0	0.0%
Management and Budget	70,334,900	79,360,000	9,025,100	12.8%
State	167,179,500	176,885,700	9,706,200	5.8%
Treasury: Operations	355,344,700	373,639,100	18,294,400	5.1%
Treasury: Debt/RevenueShare	1,225,618,900	1,210,101,400	(15,517,500)	-1.3%
GENERAL GOVERNMENT	\$2,041,372,900	\$2,066,595,800	\$25,222,900	1.2%
Community Health	10,103,162,800	10,206,397,800	103,235,000	1.0%
Corrections	1,782,818,400	1,882,598,800	99,780,400	5.6%
Family Independence Agency	4,297,056,900	4,427,574,300	130,517,400	3.0%
HUMAN SERVICES	\$16,183,038,100	\$16,516,570,900	\$333,532,800	2.1%
Labor and Economic Growth	1,241,350,400	1,475,648,700	234,298,300	
LABOR AND ECONOMIC GROWTH	\$1,241,350,400	\$1,475,648,700	\$234,298,300	18.9%
Agriculture	115,299,600	102,735,700	(12,563,900)	-10.9%
Environmental Quality	326,336,300	356,209,100	29,872,800	9.2%
Natural Resources	260,806,700	267,477,900	6,671,200	2.6%
RESOURCE PROTECTION	\$702,442,600	\$726,422,700	\$23,980,100	3.4%
Military and Veterans Affairs	109,670,900	115,851,700	6,180,800	5.6%
State Police	455,929,100	523,345,200	67,416,100	14.8%
SAFETY AND DEFENSE	\$565,600,000	\$639,196,900	\$73,596,900	13.0%
Capital Outlay	250,989,800	510,159,500	259,169,700	103.3%
History, Arts, and Libraries	56,944,600	56,029,200	(915,400)	-1.6%
Judiciary	248,583,200	255,165,300	6,582,100	2.6%
Transportation	3,279,058,100	3,417,708,500	138,650,400	4.2%
ALL OTHERS	\$3,835,575,700	\$4,239,062,500	\$403,486,800	10.5%
TOTAL APPROPRIATIONS	\$39,236,723,600	\$40,522,069,900	\$1,285,346,300	3.3%

TABLE 3
FY 2005-06 GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2005-06 Revised Executive Recommendation Compared with FY 2004-05 Year-to-Date

<u>MAJOR BUDGET AREA</u>	<u>FY 2004-05 YEAR-TO-DATE</u>	<u>FY 2005-06 EXECUTIVE RECOMMEND</u>	<u>FY 2004-05 vs 2003-04</u>	
			<u>AMOUNT DIFFERENT</u>	<u>PERCENT DIFFERENT</u>
Community Colleges	294,268,200	281,327,400	(12,940,800)	-4.4%
Education	26,394,700	28,091,600	1,696,900	6.4%
Higher Education	1,643,508,700	1,492,834,100	(150,674,600)	-9.2%
School Aid	264,700,000	20,200,000	(244,500,000)	-92.4%
EDUCATION	\$2,228,871,600	\$1,822,453,100	(\$406,418,500)	-18.2%
Attorney General	31,503,900	32,710,200	1,206,300	3.8%
Civil Rights	11,759,000	12,285,300	526,300	4.5%
Civil Service	7,672,100	7,449,300	(222,800)	-2.9%
Executive Office	5,205,500	5,205,500	0	0.0%
Information Technology	0	0	0	0.0%
Legislature	122,173,900	122,173,900	0	0.0%
Management and Budget	36,684,200	36,450,600	(233,600)	-0.6%
State	23,909,900	14,265,100	(9,644,800)	-40.3%
Treasury: Operations	53,704,800	52,838,800	(866,000)	-1.6%
Treasury: Debt/Revenue	42,448,600	52,886,900	10,438,300	24.6%
GENERAL GOVERNMENT	\$335,061,900	\$336,265,600	\$1,203,700	0.4%
Community Health	2,557,910,600	2,920,639,500	362,728,900	14.2%
Corrections	1,708,161,100	1,805,280,300	97,119,200	5.7%
Family Independence Agency	1,109,682,800	1,106,603,600	(3,079,200)	-0.3%
HUMAN SERVICES	\$5,375,754,500	\$5,832,523,400	\$456,768,900	8.5%
Labor and Economic Growth	94,538,000	73,848,500	(20,689,500)	
LABOR AND ECONOMIC GROWTH	\$94,538,000	\$73,848,500	(\$20,689,500)	-21.9%
Agriculture	30,091,400	28,572,600	(1,518,800)	-5.0%
Environmental Quality	28,671,800	30,510,300	1,838,500	6.4%
Natural Resources	28,885,000	26,533,300	(2,351,700)	-8.1%
RESOURCE PROTECTION	\$87,648,200	\$85,616,200	(\$2,032,000)	-2.3%
Military and Veterans Affairs	37,370,700	38,348,200	977,500	2.6%
State Police	244,380,200	238,968,200	(5,412,000)	-2.2%
SAFETY AND DEFENSE	\$281,750,900	\$277,316,400	(\$4,434,500)	-1.6%
Capital Outlay	243,194,800	276,002,200	32,807,400	13.5%
History, Arts, and Libraries	45,803,500	43,150,800	(2,652,700)	-5.8%
Judiciary	158,093,300	159,987,900	1,894,600	1.2%
Transportation	0	0	0	0.0%
ALL OTHERS	\$447,091,600	\$479,140,900	\$32,049,300	7.2%
TOTAL APPROPRIATIONS	\$8,850,716,700	\$8,907,164,100	\$56,447,400	0.6%

TABLE 4
FULL-TIME EQUATED POSITIONS*
FY 2005-06 Revised Executive Recommendation Compared with FY 2004-05 Year-to-Date

<u>MAJOR BUDGET AREA</u>	<u>FY 2004-05 YEAR-TO-DATE</u>	<u>FY 2005-06 EXECUTIVE RECOMMEND</u>	<u>FY 2005-06 vs 2004-05</u>	
			<u>AMOUNT DIFFERENT</u>	<u>PERCENT DIFFERENT</u>
Community Colleges	0.0	0.0	0.0	0.0%
Education	413.0	425.0	12.0	2.9%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0	0.0	0.0%
EDUCATION	414.0	426.0	12.0	2.9%
Attorney General	564.0	566.0	(2.0)	-0.4%
Civil Rights	141.0	141.0	0.0	0.0%
Civil Service	240.5	240.5	0.0	0.0%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,762.4	1,766.4	4.0	0.2%
Legislature	0.0	0.0	0.0	0.0%
Management and Budget	731.0	751.0	20.0	2.7%
State	1,857.8	1,857.8	0.0	0.0%
Treasury: Operations	1,662.5	1,647.5	(15.0)	-0.9%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	0.0%
GENERAL GOVERNMENT	7,043.4	7,054.4	(11.0)	0.2%
Community Health	5,118.6	4,699.1	(419.5)	-8.2%
Corrections	17,769.8	17,545.2	(224.6)	-1.3%
Family Independence Agency	10,302.0	10,290.0	(12.0)	-0.1%
HUMAN SERVICES	33,190.4	32,534.3	(656.1)	-2.0%
Labor and Economic Growth	4,302.0	4,302.0	0.0	
LABOR AND ECONOMIC GROWTH	4,302.0	4,302.0	0.0	0.0%
Agriculture	749.0	700.0	(49.0)	-6.5%
Environmental Quality	1,570.2	1,568.2	(2.0)	-0.1%
Natural Resources	2,070.5	2,074.2	3.7	0.2%
RESOURCE PROTECTION	4,389.7	4,342.4	(47.3)	-1.1%
Military and Veterans Affairs	1,023.0	1,023.0	0.0	0.0%
State Police	2,951.0	2,900.0	(51.0)	-1.7%
SAFETY AND DEFENSE	3,974.0	3,923.0	(51.0)	-1.3%
Capital Outlay	0.0	0.0	0.0	0.0%
History, Arts, and Libraries	238.0	238.0	0.0	0.0%
Judiciary	582.5	582.5	0.0	0.0%
Transportation	3,037.3	3,036.3	(1.0)	0.0%
ALL OTHERS	3,857.8	3,856.8	(1.0)	0.0%
TOTAL FULL-TIME EQUATED POSITIONS	57,171.3	56,438.9	(732.4)	-1.3%

*Includes classified, unclassified, and nonlegislative exempt positions.

Table 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2005-06 Executive Recommendation

<u>DEPARTMENT/ MAJOR BUDGET AREA</u>	<u>SPENDING FROM STATE SOURCES</u>	<u>STATE SPENDING TO LOCAL GOVERNMENT UNITS</u>	<u>% OF STATE SPENDING FROM STATE SOURCES AS PAYMENT TO LOCALS</u>
Community Colleges	281,327,400	281,327,400	100.0%
Education	51,279,800	11,242,000	21.9%
Higher Education	1,639,334,100	0	0.0%
School Aid	11,435,194,600	11,372,594,600	99.5%
EDUCATION	\$13,407,135,900	\$11,665,164,000	87.0%
Attorney General	43,721,600	0	
Civil Rights	12,285,300	0	
Civil Service	23,988,500	0	
Executive Office	5,205,500	0	
Information Technology	0	0	
Legislature	124,530,400	0	
Management and Budget	79,360,000	0	
State	174,552,300	993,800	0.6%
Treasury: Operations	337,208,300	119,451,500	35.4%
Treasury: Debt/Revenue Sharing	1,210,101,400	1,121,100,000	92.6%
GENERAL GOVERNMENT	\$2,010,953,300	\$1,241,545,300	61.7%
Community Health	4,444,000,100	1,022,374,900	23.0%
Corrections	1,871,870,300	93,233,300	5.0%
Family Independence Agency	1,176,977,500	174,650,400	14.8%
HUMAN SERVICES	\$7,492,847,900	\$1,290,258,600	17.2%
Labor and Economic Growth	406,671,000	65,519,700	
LABOR AND ECONOMIC GROWTH	\$406,671,000	\$65,519,700	16.1%
Agriculture	70,015,300	3,316,800	4.7%
Environmental Quality	212,763,400	4,575,000	2.2%
Natural Resources	226,597,600	27,729,600	12.2%
RESOURCE PROTECTION	\$509,376,300	\$35,621,400	7.0%
Military and Veterans Affairs	64,958,700	50,000	0.1%
State Police	346,915,100	20,451,900	5.9%
SAFETY AND DEFENSE	\$411,873,800	\$20,501,900	5.0%
Capital Outlay	335,084,500	12,625,000	3.8%
History, Arts, and Libraries	47,233,500	17,863,400	37.8%
Judiciary	246,922,900	124,962,500	50.6%
Transportation	2,203,966,400	1,281,328,900	58.1%
ALL OTHER	\$2,833,207,300	\$1,436,779,800	50.7%
TOTALS	\$27,072,065,500	\$15,755,390,700	58.2%

Fourth Floor, North Tower, Anderson Building
124 North Capitol Avenue, Lansing, Michigan 48933
P.O. Box 30014, Lansing, Michigan 48909-7514
Phone: 517-373-8080 FAX: 517-373-5874
www.house.mi.gov/hfa



Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director

ECONOMIC AND REVENUE FORECAST ■ TAX ANALYSIS ■ REVENUE SHARING **Rebecca Ross, Senior Economist**
Jim Stansell, Economist

EDUCATION AND REGULATORY **Mary Ann Cleary, Associate Director**
Community Colleges ■ Higher Education Kyle I. Jen, Senior Analyst
Education ■ School Aid Mary Ann Cleary, Associate Director; Laurie Cummings, Senior Analyst
Labor and Economic Growth Richard Child, Senior Analyst
Transportation William E. Hamilton, Senior Analyst

FISCAL OVERSIGHT, AUDIT AND LITIGATION **William E. Hamilton, Senior Analyst**

GENERAL GOVERNMENT **Al Valenzio, Associate Director**
Agriculture William E. Hamilton, Senior Analyst
Capital Outlay ■ Retirement ■ Supplementals Al Valenzio, Associate Director
Corrections ■ Judiciary Marilyn Peterson, Senior Analyst
Environmental Quality ■ Natural Resources ■ History, Arts, and Libraries ■
Clean Michigan Initiative ■ Federal Funds Monitoring ■ Natural Resources Trust Fund Kirk Lindquist, Senior Analyst
Attorney General ■ Civil Rights ■ Civil Service ■ Executive Office ■
Information Technology ■ Legislature ■ Lottery ■ Management and Budget ■ State Robin Risko, Senior Analyst
Treasury Robin Risko, Senior Analyst; Viola Bay Wild, Fiscal Analyst
Military and Veterans Affairs ■ State Police Jan Wisniewski, Senior Analyst
Legislative Transfers Margaret Alston, Senior Analyst

HUMAN SERVICES **Bill Fairgrieve, Deputy Director**
Community Health: Medicaid Steve Stauff, Senior Analyst
Mental Health ■ Substance Abuse Margaret Alston, Senior Analyst
Public Health ■ Aging Susan Frey, Senior Analyst
Family Independence Agency Robert Schneider, Senior Analyst; Bill Fairgrieve, Deputy Director

LEGISLATIVE ANALYSIS **Chris Couch, Associate Director**
Edith Best, Joan Hunault, Sue Stutzky, Mark Wolf, Legislative Analysts

SUPPORT STAFF
Office Manager Sharon Risko, Administrative Assistant
Publications and Data Jeanne Dee, Administrative Assistant
Community Health ■ Corrections ■ Family Independence Agency ■ Judiciary ■
HFA Library Tumai Burris, Budget Assistant
Agriculture ■ Community Colleges ■ Education ■ Higher Education ■ School Aid ■
Transportation ■ Transfers ■ HFA Internet ■ Bill Analysis Barbara Graves, Budget Assistant
Capital Outlay ■ Environmental Quality ■ General Government ■ History, Arts, & Libraries ■
Labor and Economic Growth ■ Military and Veterans Affairs ■ Natural Resources ■
Retirement ■ State Police ■ Supplementals Kim O'Berry, Budget Assistant
Facilities Coordinator Ericah Caughey, Receptionist

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